

for many, many years. I am proud and honored to sponsor Father Ed as guest Chaplain.

I thank my friend, the Chaplain of the Senate, Lloyd Ogilvie, for allowing Father Ed to be here.

Also, I recognize Father Ed's brother, Michael, his aunt Jeri, and mother Ann who are here today to witness this wonderful occasion.

I yield the floor.

# CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEARS 2001–2011

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H. Con. Res. 83, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 83) establishing the congressional budget for the United States Government for fiscal year 2002, revising the congressional budget for the United States Government for fiscal year 2001, and setting forth appropriate budgetary levels for each of fiscal years 2003 through 2011.

Pending:

Amendment No. 170, in the nature of a substitute.

Mr. DOMENICI. Mr. President, I am working with the ranking member on a startup schedule this morning. I suggest the absence of a quorum to be charged to our side.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, we have begun debate on the budget resolution, the budget resolution for the country for the next year. Under the rules of the Senate, we are also required to put it in the context and the framework of a 10-year budget, and so begins what is in many ways perhaps the single most important debate that we will have this year. It is the question of choices we make with respect to the priorities of the Nation.

Our President has said on many occasions that it is the people's money; we ought to give the money back to the people. I think all agree that the President is exactly right when he says it is the people's money. Of course it is. That is exactly right. But I think we also understand that there are more choices than just giving the money back to the people by way of a tax cut. There are certain things that we do collectively as the people of a nation which we cannot do individually: for example, providing for our national defense.

There are other things that we do as a society to make it a better nation. We have a Social Security system to safeguard our elderly. We have a Medi-

care program to provide for the health of our senior citizens. We have support for education because we all understand that is the Nation's future.

We also have a national debt, a publicly held debt that, as we meet here today, is \$3.4 trillion. But there is another debt that we don't talk very much about. That is the gross debt of the United States. That gross debt is \$5.6 trillion. While we say many times we are paying down the publicly held debt, and that is true, it is also true that the gross debt of the United States is actually increasing. I think that confuses many people.

The publicly held debt is that debt which is held by people outside of the Government. It is debt held by the public. And the public is not just the public here in America; the debt is also held abroad. It is held by Japan, by Germany, and by other countries. That is the publicly held debt, \$3.4 trillion as we meet here today.

But the gross debt of the United States is the debt not only owed to the public but the debt that is owed to other government entities. For example, the trust funds of the United States—the general fund of the United States owes the Social Security trust fund hundreds of billions of dollars. Under the President's proposal and under all other proposals, the way we are going to be paying down the publicly held debt is to take the surpluses that are in Social Security and use those to pay down the publicly held debt. Because the money is not needed by Social Security at the moment, and will not be needed for the next decade, that money is in surplus. It is those surpluses—the surpluses that are in the trust funds—that are being used to pay down the publicly held debt.

While we pay down that publicly held debt, obviously we are creating another debt. The debt we are creating as we pay down the publicly held debt with trust fund moneys is a debt to the trust funds from the general fund of the United States. That debt is increasing.

While we talk about surpluses, I think we should be ever mindful that these surpluses are temporary. When we get past this 10-year period, we are going to face, instead of surpluses, deficits. We know that. The Comptroller General of the United States has warned that we will face a demographic tidal wave when the baby boom generation retires. And then these surpluses turn to substantial deficits.

With that in mind, the Democratic alternative to the budget proposed by our colleagues on the other side has adopted these fundamental principles. First, we protect the Social Security and Medicare trust funds in every year. Second, we pay down a maximum amount of the publicly held debt. Third, we provide for an immediate fiscal stimulus of \$60 billion to give some lift to this economy. In fact, we believe that is what we ought to be debating on the floor of the Senate this week. We think we ought to be talking about

the fiscal stimulus package. Instead of a budget resolution talking about the next 10 years, we ought to be talking about a fiscal stimulus package for this year. Fourth, we believe we should provide significant tax relief for all Americans, including rate reduction, marriage penalty relief, and estate tax reform.

In addition, our budget reserves resources for high-priority domestic needs, including improving education, a prescription drug benefit, strengthening of our national defense, and funding agriculture. Those are very clear priorities of the American people.

The American people tell us in meeting after meeting: We want you to improve education. We want you to invest in our kids. And they are right. Our budget responds to that call. They also say: We want a meaningful prescription drug benefit. We know that the pattern and practice of medicine have changed since Medicare was enacted and we ought to have a modernized Medicare, one that includes a prescription drug benefit. That is costly. But we have provided for it in our budget. And strengthening our national defense; there is broad bipartisan consensus that our defense must be strengthened. Additional resources must be provided. If they are going to be provided, they have to be in the budget. That is what we have done with our budget. Finally, we have provided \$750 billion to strengthen Social Security and to begin to address our long-term debt. We think that is critically important.

The budget on the other side provides nothing for this purpose—no dollars to strengthen Social Security for the long term. Not any investment in dealing with our long-term debt which is coming as certainly as night follows day.

We believe these are the priorities of the American people that ought to be included in any budget. I will go to the specifics that demonstrate we have kept faith with those principles.

We start with the projected surplus of \$5.6 trillion. As I said last night, it is important that we remember this is just a projection. It may not come true. In fact, if there is one thing of which we are certain, it is the uncertainty of this forecast. Even the agency that made the forecast says it is highly uncertain. The people who made the forecast say to us there is only a 10-percent chance that number is going to come true—10 percent. They say there is a 45-percent chance there will be more money. They say there is a 45-percent chance there will be less money. Which way would you bet, after the events of the last 8 weeks since this forecast was made? Is the economy strengthening or weakening? Is it more likely the money will be less than forecast or more than forecast? I feel safe in predicting it is likely to be less than was forecast.

Whether that is right or that is wrong, the reality is we know \$5.6 trillion over 10 years is a very uncertain projection. When the forecasting agency made the estimate, they informed

us, looking at their previous forecasts and the variance from what they projected and what actually came true, they said this could be anywhere from a \$50 billion deficit to over a \$1 trillion surplus in the 5th year alone, based on the previous variances in their forecasts. So it is highly uncertain.

Then we take out the Social Security trust fund. We protect it. We protect the Medicare trust fund. That leaves us with a non-Social Security non-Medicare remainder of \$2.7 trillion that is left.

The Senator from Texas, Mr. GRAMM, put up a very interesting chart last night. He started with the same projection of surplus, but when he subtracted out trust funds, he only subtracted out the Social Security trust fund. There was not any mention of the Medicare trust fund in his presentation. There was no mention at all. I guess that should not be surprising because he has argued there is no Medicare trust fund. He said there is no surplus in the Medicare trust fund.

That is not what the law says. That is not what the actuaries say. That is not what the reports of the Congressional Budget Office say. That is not what the President's own budget document says. All of them make very clear there is a trust fund surplus in Social Security and there is a trust fund surplus in Medicare. Medicare Part A has a surplus of anywhere from \$400 billion to \$500 billion. The Congressional Budget Office says it is \$400 billion. The President's budget document says it is over \$500 billion. Medicare Part B is in rough balance over the 10-year period.

The Senator from Texas says: Oh, no, Part B is in deficit. It is not in deficit. That is just not so. He tries to make the case by saying only 25 percent of the funding for Medicare Part B comes from premiums; 75 percent comes from the general fund. That has nothing to do with being in deficit. That has to do with the law that we have passed in the Congress. We have said 25 percent of the funding of Part B will come from premiums and 75 percent will come from the general fund. It has nothing to do with being in deficit.

So the reality is there is a trust fund surplus in Medicare of \$400 billion, according to the Congressional Budget Office—\$500 billion according to the President's own budget documents. We believe every penny of it ought to be protected. It should not be raided for any other purpose. That is a fundamental difference between the budget offering on this side and the budget offering that we make. We believe this money should not be shuffled off to some contingency fund available for other uses. We believe it ought to be protected in each and every year.

Of what is left, we believe a third ought to go for a tax cut. That would be a net tax cut excluding the interest cost of \$745 billion over the next 10 years. We believe that is affordable.

Then we believe about a third ought to go for these high-priority domestic

needs. We have made very clear and very specific what those needs are: \$311 billion for a prescription drug benefit. That funds a prescription drug benefit that would be available to all who are Medicare eligible. It would be on a voluntary basis. It would be a significant benefit—not the most generous, by any means, of those that have been offered on the floor of the Senate in various proposals but nonetheless a significant benefit. The President's proposal is half as much. But of course 75 percent of people who are on Medicare will get no benefit under the President's plan. We do not think that is a serious prescription drug benefit plan.

We provide \$193 billion for infrastructure and education. It is not enough to just talk about these as priorities. If they are priorities, they need to be funded, and no one is more important than education.

Third, we provide \$100 billion over the 10-year period for additional resources for our national defense because we think that is critically important as we go forward and, fourth, we provide another \$140 billion for other mandatory and health care expenditures. A very big chunk of this is for health care expansion so more people can be covered. We do not make the specific decision in the budget resolution about how that should be done, but we provide the resources so it can be done.

Then we take a third of the non-trust-fund money and use it to address our long-term debt: \$750 billion to strengthen Social Security because that is the source of most of our long-term debt. This \$750 billion is also available as a strategic reserve in case these projections aren't ready.

Then the interest costs associated with the other elements of the plan, because anytime you cut taxes, anytime you spend money, that increases your interest cost because the money is not paying down debt. If we are not providing a tax cut, if we are not spending money, then we are using it to pay down debt. To the extent we pay down debt, we reduce interest costs. So if we use the money for other purposes, if we provide a tax cut as we do, or if we spend money on high-priority domestic needs as we do, then there is less money going to pay down debt and that means additional interest costs.

Let me make the point that we are doing far more dedicating of resources to paying down debt than our friends on the other side of the aisle. The President has said he would dedicate \$2 trillion to paying down debt and his \$2 trillion comes from the Social Security trust fund. We have reserved all of that money from the trust funds for paying down publicly held debt, \$2.5 trillion plus \$400 billion for the Medicare trust fund. So we are dedicating more money to paying down the publicly held debt than is the plan on the other side. In addition, we have reserved \$750 billion for the long-term debt.

We have tried not only to emphasize the short-term debt and the publicly

held debt but to also focus on the long-term debt facing our Nation. If you add the one-third of what remains after we protect the trust funds with the trust funds money which will go to paying down debt, we have a combined total of nearly \$3.7 trillion out of the \$5.6 trillion for paying down short-term and long-term debt.

That is the fundamental difference between our plan and their plan. They have a much bigger tax cut. We have much more for paying down short-term and long-term debt.

The Senator from Texas tried to say last night that the real difference is spending. No, it isn't. There are some differences in spending because we make more of a commitment to these high-priority domestic needs—education, prescription drugs, national defense, health care, and expansion. We spend more money in those high-priority areas. But that isn't the biggest difference between us. The biggest difference between us is that we have reserved over two-thirds of these projected surpluses for paying down short-term and long-term debt. The President has reserved about 35 percent of the money for that purpose.

I have done this comparison chart to try to get at the heart of the differences between our proposal and their proposal.

You can see from the GOP budget that while the President says he will only use \$2 trillion to pay down publicly held debt, his budget numbers actually show that he is using all of the Social Security money for paying down publicly held debt. We do the same.

On the Medicare trust fund, we have reserved all \$400 billion. The President's proposal has taken that money and put it in an unallocated category. We will get to that as we go through this comparison.

On tax cuts, the President proposes \$1.6 trillion; we propose \$745 billion.

On spending, the President proposes \$713 billion over the 10 years above the so-called baseline. We are at \$743 billion because of the high-priority domestic needs of education, health care, prescription drugs, and national defense.

Here is the place where there is a major difference. We have the strategic reserve to strengthen Social Security and deal with our long-term debt. They have nothing for that purpose in their budget. We have \$750 billion.

As I indicated before, the interest cost on the Republican budget is \$472 billion; \$490 billion in our plan.

If you add up the totals in the Republican plan, it comes to \$4.8 trillion, ours is \$5.6 trillion, and they have left unallocated \$846 billion. Let's remember that \$400 billion of that is from the Medicare trust funds. They call it unallocated. It is fully allocated. It is fully committed. It is committed to the trust fund.

By saying it is unallocated, by saying it is available for a contingency, they are opening up the Medicare trust fund

for the raid—the raid that has gone on in the past, the raid we have been able to stop the last 3 years. They are getting ready to raid the Medicare trust fund all over again.

If we take that out of their contingency fund, we are left with just under \$500 billion. That is not enough to cover education, prescription drugs, national defense, and the alternative minimum tax reform that is made necessary by the President's tax cut plan because the President's tax cut plan which he advertises as costing \$1.6 trillion actually will cost a great deal more than that because it will require us to change the alternative minimum tax.

Currently, about 2 million people are caught up in the alternative minimum tax. The President's plan will put over 30 million people under the alternative minimum tax. Boy, are they in for a big surprise. They thought they were going to get a tax cut. They thought they were going to get a reduction. What they are going to get is caught up in the alternative minimum tax.

Thirty-million taxpayers—nearly one in four taxpayers in our country—are going to be caught up in the alternative minimum tax under the President's plan. It costs \$300 billion to fix. On top of his \$1.6 trillion tax cut, it will cost another \$300 billion to fix the alternative minimum tax.

Then, of course, you have the interest cost associated with the President's tax cut and fixing the alternative minimum tax. That is another \$500 billion. Now we are talking real money.

The reported cost of \$1.6 trillion, of course, is reestimated by the budget experts of the Congress. I can tell you that they reestimated just part of his plan and they found it costs much more than \$1.6 trillion. Over in the House, they reestimated just part of his plan and it went up in cost by \$126 billion.

The \$1.6 trillion plan, the \$1.7 billion plan, then you have to fix the alternative minimum tax, which is another \$300 billion, and then you have the associated interest costs, which is another \$500 billion. Now you are talking real money—\$2.5 trillion from their supposed projected 10-year surplus of \$5.6 trillion.

Unfortunately, \$3.1 trillion of that, according to the President's numbers—because his is slightly different from the Congressional Budget Office number—\$3.1 trillion of that \$5.67 trillion is trust fund money. It is trust fund money—\$3.1 trillion of \$5.6 trillion is trust fund money.

Then you take the President's tax plan; it costs \$2.5 trillion when you include all of the costs. You can see he has used all the non-trust-fund money for his tax cut plan. That is the fundamental problem with the President's plan. That is the fundamental problem with trying to find a way to get his plan to add up.

For just a moment I would like to talk about the question of reconcili-

ation. Very soon we may face the vote on reconciliation. I think it may be one of the most important votes not just in this debate but it may be one of the most important votes in all of our service time in the Senate. It may be one of the most important votes that affects the role of this institution. Why do I say that?

Reconciliation was created for deficit reduction. It was created to short-circuit the normal way of doing Senate business, giving Senators the right to extend debate and giving Senators the right to amend legislation. The reason Senators were given those rights was that our Founding Fathers believed it was critical to the constitutional functioning of the U.S. Congress.

They created the House of Representatives with Members serving 2-year terms to respond to the heat of the moment, to respond to the public passion. They created the Senate to be the cooling saucer, to be the place where debate and amendment could prevent serious mistakes. That is the constitutional role of the Senate. It is absolutely critically important to the functioning of our democracy.

Reconciliation sweeps all of that away. Reconciliation has special procedures that allow only 20 hours of consideration of legislation on the floor of the Senate—no extended debate, no right by every Senator to amendment. That is all out the window. That reconciliation process was put in place for a purpose. The purpose was the deficit crisis that was facing the country. It was designed to be a way to raise taxes and cut spending to reduce deficits. That is why reconciliation was put in place. It was not designed for programs to increase spending or to cut taxes. That is just the opposite of for what reconciliation was created. I repeat, reconciliation was created for deficit reduction.

It would be a perversion of the reconciliation process to use it for spending or for tax cuts. That is not deficit reduction. That is the opposite of deficit reduction. That is for what reconciliation ought to be reserved. Everything else ought to be under the regular order of the Senate, permitting Senators the right to extended debate, permitting Senators the right to amend because that is the constitutional role for this body. To change that role is a fundamental threat to the constitutional structure of the Senate.

Nothing could be more important in this debate because if we fundamentally make the Senate of the United States into the House of Representatives, we have fundamentally changed the nature of this institution. We have fundamentally—and perhaps for all time—altered what our Founding Fathers intended for the Senate.

I remember so well back in 1993–1994, there was a different administration, there was a different hot issue of the moment; it was health care. A group of us, including the father of the distin-

guished occupant of the chair who was part of a group, a bipartisan group, were given the primary responsibility to write a health care reform bill. That administration very much wanted that legislation. It was their highest priority. But they knew they could not get it through the regular order. They could not get it through the regular Senate process. They could not get 60 votes to stop a filibuster.

So they came to a group of us and asked us if we would support the use of the reconciliation process for a massive new spending program, a \$138 billion spending program to expand health care coverage. And that group of us said: No. As much as we wanted to reform the health care system, as much as we wanted to expand coverage, we said that would be an abuse of the reconciliation process because it was not for deficit reduction, it was for new spending, and we could not go along with that request. We could not support it because it went beyond a procedural question.

That was a fundamental question of the operation of this institution, a fundamental question of the operation of the Senate and its constitutional role. We could no more support the use of reconciliation for a spending program as we could for a tax-cutting program because neither were intended to be used under the special rules of reconciliation that reduced the rights of each and every Senator to extended debate and the right to amendment.

In fact, under reconciliation we are limited to 20 hours on the floor of the Senate, and one side or the other can give back all of its time. They can give back 10 hours. Then you are down to 10 hours, 10 hours of debate and amendment on a bill that would provide a \$2 trillion tax cut.

Is that what our Founding Fathers intended? Is that what the Founding Fathers intended for the Senate, that there would be a limitation and a restriction on debate, on something that would provide a \$2 trillion tax cut, that that should be limited to 10 hours of debate and amendment? I do not think so. I do not think that is what they intended.

I do not think that is what they intended for a spending measure either. I do not think they ever intended you could only have 10 hours of debate and discussion on something that could spend hundreds of billions of dollars. No, no. That was not the role of the Senate. That fundamentally threatens the role of the Senate. That undermines the role of the Senate. That neuter this Senate. And if we neuter that role, we have fundamentally altered what our Founding Fathers intended.

This goes way beyond the question of a tax cut. This goes to everyone's vision of what this Chamber should be about. I believe, as our Founding Fathers did, that the role of the Senate is to be the cooling saucer. This is where we should have extended debate. This is where Senators should have the

right to offer amendments, and to have them voted on, and to have our colleagues ultimately held accountable as to their votes. There should be no rush to judgment. There should be no process that short-circuits all of the protections that are given to individual Senators so they can represent their individual States and protect the rights of a minority. When I am asked what the fundamental problem is with the budget plan that has been offered by the other side, I go back to this chart because, to me, the numbers tell the story. We start with a projected surplus of \$5.6 trillion. But \$2.6 trillion of that is Social Security; \$500 billion is Medicare. Now, these numbers are slightly different than the numbers I used on my chart because I was using CBO numbers. We are required to do that in the Budget Committee. These are the President's numbers. Instead of a Social Security trust fund that the Congressional Budget Office says amounts to \$2.5 trillion, the President says it is \$2.6 trillion. The Congressional Budget Office says the Medicare trust fund is \$400 billion; the President's office says \$500 billion. This is the President's budget. So I am using the President's numbers.

That leaves us with \$2.5 trillion of non-trust-fund money. We take out the Bush tax cut—\$1.7 trillion, as reestimated by the House—we take out the cost of the alternative minimum tax reform that will be required by his plan—it is not part of his plan, but it is required by it—that costs another \$300 billion, the interest cost—\$500 billion—of the tax cut and the alternative minimum tax fix and the Bush spending proposals above the baseline of \$200 billion. That adds up to \$2.7 trillion, and the President is “in the hole” by \$200 billion.

Where does it come from? There is only one place I can find it can come from, and that is the trust funds. That is the problem with the President's plan. It does not add up. It is right into the trust funds before we ever get started.

Mr. President, I see there are Members waiting to offer amendments. By prior agreement, I am going to stop talking for the moment, and we will have remarks from the other side of the aisle, and then we will go to the first amendment, which will be an amendment from our side on prescription drugs. With that, I thank the Chair and yield the floor.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I appreciate the kindness of my colleague and good friend from North Dakota.

We have a lot of work to do this week. I know we are going to be getting to amendments, but I thought it would be important to talk a little bit about the “Blueprint for New Beginnings” submitted by the President on February 28 and how we intend to implement our agenda in this congress-

sional budget resolution offered by the chairman of the Budget Committee.

As we all know, the Congressional Budget Act puts a deadline on adoption of the budget resolution. It must be signed, sealed, and delivered by April 15. That is an important deadline for a couple of reasons. It is the tax filing deadline. As Americans put together their tax returns, they see newspaper stories about how their tax money is being spent. We certainly have their attention then, and taxpayers who calculate the tax burden say: What am I getting in return? Then they see the details of the budget in their newspapers and they get to decide whether it is worth it or not. Are they getting all the Government they deserve, or are they paying for too much Government?

Second, April 15, an early deadline, is important to keep us on track for the rest of the year. As a member of the Appropriations Committee as well as the Budget Committee, I know that the two committees have to work together to figure out how much we are going to spend for the coming year, and then the subcommittees need to work up the 13 individual bills to meet these targets. We should pass them and sign them into law by October 1.

We have had trouble getting the appropriations bills passed on time in recent years and I guess even before then. Last year the complete package was not signed into law until December 21. By that time, several of us had already written our letters to Santa Claus. We would have rather gotten a lump of coal in our stocking than to be still dealing with appropriations bills at that late date.

If we were to miss the budget deadline now, it would make our timeframe even more of a problem, and we could lag further and further behind the rest of the year.

There was a very interesting exchange last Friday about that between the distinguished Senator from West Virginia and the Senator from Arizona. I say this is one of the central issues that often gets overlooked in this discussion. If we miss the deadline now, we are set up for missing deadlines all year long, deadlines we have enough trouble meeting as it is.

These are not simply arbitrary dates that do not matter. When we fail to have a budget in place by the start of the fiscal year, the agencies are severely affected. They do not know how to plan, they are put in limbo, and we pass short-term continuing resolutions. That just keeps the doors open and keeps us busy with make-work, passing of the short-term continuing resolutions.

One cannot develop a consistent year's plan for the operation of an agency with a stop-and-start, stop-and-start continuing resolution agenda. This causes agencies and the programs to be less effective in serving our citizens. In turn, we get further behind in our preparations as well.

I am unwilling to say that we can afford to miss the April 15 deadline facing us knowing that to do so will put us even further behind. We must move forward using the best information we have, and the information we have turns out to be pretty good.

We expect a \$5.6 trillion surplus over the next 10 years. Out of that, we set aside \$2.5 trillion of Social Security money. A bipartisan consensus has already developed that this money should be used for Social Security. It is not used for additional spending. It goes to pay down the debt held by the public, and that is the only way we can put money in the bank.

We gave ourselves a little extra leeway, a little extra breathing room so we can borrow again down the road when we need to pay benefits to retiring baby boomers. That is \$2.5 billion in debt reduction, putting that money, again, to use for Social Security later.

Some have said we do not do much debt reduction under the President's proposal. Mr. President, \$2.5 trillion is not enough? That is out of a total of \$3.4 trillion in debt held by the public.

At the end of the 10 years covered by this budget resolution, less than \$1 trillion will be left of the debt. We know that under this formula we will retire all the debt that is actually possible to retire. The only question is when we will reach that point.

Federal debt is used as an investment for many Americans and other people around the world. Pension plans use it as a safe place to put their funds. They will not want to part with it unless we pay a big premium to make it worth their while to give up that investment. It makes no sense for us to pay down debt to the point that we would have to pay a premium to buy back the obligations that people hold.

I do not know about the occupant of the chair, but certainly in our family when my son was growing up, we bought savings bonds. We expected over a period of time the Federal Government would pay the interest on that debt and that he would have a long-term investment in a federally guaranteed, federally safe investment. To buy all those savings bonds back, as well as the bonds held by funds, not only disrupts the planning in the private sector, but probably cannot be done without paying a premium.

When I say there is only so much debt we can pay down, I believe any economist will tell you the price to buy some of that debt down is exorbitant. There is no reason for us to pay down debt before it is due if we are going to have to pay a premium.

After we set aside Social Security money and pay pretty much all the debt we can, we still have \$3.1 trillion left. That is a lot of money to meet critical priorities.

One of the priorities, obviously, is Medicare. Since this program was set up in the sixties, medicine has made tremendous progress. Problems that required expensive hospital stays now

can be treated with prescription drugs. It is cheaper for the taxpayer and better for the patient. It makes sense to have a reformed Medicare plan that includes prescription drug coverage.

Clearly, one of the things we must do in this Congress is reform Medicare. Fortunately, we have bipartisan work going on with the Senator from Louisiana and the Senator from Tennessee coming up with a plan that makes some sense instead of the current plan where we have the Government trying to control the costs merely by setting prices when the patients and the providers control the usage.

As I have said before, that system does not make sense. The Health Care Financing Administration, which is right in the middle of the system, has made it even worse. They have imposed arbitrary cuts. For example, they have put more than one-third of the home health care agencies in the Nation out of business by demanding too great a cut in their reimbursement. We need to put Medicare on a sound footing. We need to blow up the current function of HCFA and move into a system that has some rational being, some common-sense approach to ensuring that we provide the services and that we do so in a cost-effective manner.

I hope we will get to the Medicare reform proposal because people in the health care field tell us that Medicare and HCFA are the biggest problems. Over the last 8 to 10 years, the problems we have seen with HCFA administering Medicare under the Balanced Budget Act have been huge. They are probably the most unresponsive agency in the Federal Government. If our experience in small business is anything like the experience other committees have had, we can assure our colleagues this is a system that is not working.

We will have the money in Medicare for reform. There is surplus in one of the Medicare trust funds. The hospital insurance trust funds will be nearly \$400 billion over the next 10 years. This budget resolution ensures all that money can be used for Medicare purposes, and it allows us to pay, at least in part, for prescription drug coverage.

I believe my colleague on the other side of the aisle rounded that figure up to \$500 billion, but the figures we have are about \$392 billion. That is a little bit of a rounding up error.

Mr. CONRAD. Will the Senator yield?  
Mr. BOND. Of course.

Mr. CONRAD. I tried to make clear in my presentation, and I know the Senator wasn't here, there are two different sets of numbers. One is the President's number from the Office of Management and Budget. He says there is \$500 billion in the Medicare trust fund Part A. The CBO says \$400 billion or the specific amount of \$392. That is the difference.

I have tried to be clear throughout on those differences, that it is a difference between the agencies. The CBO that we must use says \$400 billion, and the President's Office of Management

and Budget says \$526 billion. That is the difference.

Mr. BOND. I thank my colleague. As he said, we do use Congressional Budget Office numbers in the congressional budget resolution.

In any event, we will round that up to \$400 billion. I think we found a basis of agreement. We have already overcome one of the big hurdles, and we now, at least for this side, agree it is \$400 billion.

However, one of the fundamental issues that separates our side of the aisle from our Democratic friends is what we do with that money. It is set aside for Medicare. I agree with Senator DOMENICI and voted on March 13 for his version of the lockbox that allows Medicare money to be spent on Medicare. It sounds like common sense to me. That is what we have a trust fund for, to provide for Medicare. So let's use it. That is how we make prescription drugs affordable. That is how we make Medicare reforms and make the programs stronger, solvent for the long term, and ensure our senior citizens will continue to have not only Medicare coverage but, if they have prescription drug coverage, they will continue that. If they don't, they will have a prescription drug option and low-income seniors will get assistance for their prescription drug payments.

Our friends on the other side of the aisle want to lock the money away completely with a flawed so-called lockbox that would not allow Medicare money to be used for Medicare. We don't think that makes sense. That approach would have jeopardized the growing consensus that we need to provide prescription drug coverage. The Democratic approach would have made it unaffordable. Medicare money should be spent for Medicare. I am committed to that. But the so-called lockbox that wouldn't allow Medicare money to be spent even on Medicare is counterproductive and unrealistic.

Finally, after setting aside Social Security money, after paying down as much debt as we can, and after making prescription drug coverage available in a reform Medicare program, we have money left over to return to the hard-working folks who earned it in the first place—or, better yet, not really returning it; we are leaving it in their pockets.

I don't know how many of you have the workout T-shirt that I have from the small business community. It says it is the money that we sent to Washington; it is not the IRS. It is not theirs; it is ours. We are sending it to Washington because they need it. If Washington doesn't need it, we need to leave it in their pockets. We need to leave it in the pockets of the hard-working American families who have debts they have to pay. They have needs they have to secure for their families. Our proposal would leave more of that money in their pockets.

We have \$1.6 trillion in tax relief. Leaving that money in the pockets of

families, farmers, and small businesses will have a tremendous impact.

As chairman of the Small Business Committee, I listen to small businesses every day, 21.2 million of whom are taxed at personal rates. In other words, the taxes from the businesses flow to them. They are either proprietorships or partnerships or limited liability corporations, subchapter S corporations, and instead of being taxed in the corporate entity, they are taxed at the personal level. Mr. President, 21.2 million pay income taxes based on personal rates.

When we lower marginal rates as proposed by the President, No. 1, we are giving the greatest tax relief to the low-income people. Six million people at the bottom of the income-tax-paying ladder are taken off the income tax rolls. If you are a family of four making \$35,000 a year, you get knocked off the income tax rolls altogether. A family of four making \$50,000 a year receives a 50-percent tax reduction: \$1,600 will be the reduction. Up the scale, a farmer or businessman will have reductions in income taxes that will allow them to save, to invest in equipment, to invest in technology, to hire more workers, and to pay more to the workers.

We have had a tremendous explosion in the productivity of our workforce in recent years because we have invested in information technology. Where did that come from? No. 1, from the reductions in capital gains rates. It encouraged more money to go into the productivity-enhancing work of each business. Chairman Alan Greenspan and other reputable economists agree that if you want to give a boost to the economy, which is sagging, which was not rescued by the last 50 percentage bases point rate reduction by the Federal Reserve, the best thing to do is tax relief, tax reduction. The best kind of tax reduction is the marginal rate reduction.

A few years ago, we agreed 28 percent ought to be the top marginal rate. I think most people, if surveyed over what is the maximum the Federal Government ought to take from anybody's income that they worked to earn, would answer maybe 30 percent. We are not going to come anywhere near that. We will lower that 39-percent bracket, which because of the cockamamie scheme of phaseout of deductions, becomes as high as 44 percent in some areas. We will lower that rate to 36 percent but still leave the top 1 percent of the taxpayers paying more of the total tax burden than they do today. That is very important for our economy. That is very important for the healthy growth of small businesses, improving the balance sheet of families, and strengthening our communities.

Second, we will fix the marriage penalty. It is ridiculous to punish citizens for getting married. We ought to encourage stable households and relieve the burden that comes when two working married partners move into a higher tax bracket than they would if they were single.

Second, we need to fix the death tax by getting rid of it. It is ridiculous for the tax collector to show up at people's weddings. It is even more ridiculous for the tax collector to show up at a funeral.

There was a recent movie, "Four Weddings and a Funeral." For the IRS, four weddings and a funeral makes five taxable events. We fix that unfairness in the budget resolution. We get rid of the death tax that erases an entire lifetime of work and productivity by making small businesses sell out just to pay taxes. We also eliminated the costly burden of inheritance tax planning and insurance costs that put unnecessary drags on small businesses while the owner is still alive and trying to plan around the death tax.

One of the best arguments for getting rid of the death tax is the complexity of the code. Many have had an opportunity to listen to Larry Lindsey. We know the death tax only brings in about 1 percent of the revenue. But think of the significant number of pages in the Tax Code that were put in there to try to shore up the death tax to make sure people could not get around the death tax. Add to that the tens of thousands of dollars that farmers and small businesses have to pay just to figure out how to get around the death tax and you see why it is such a nonproductive burden on the economy.

A farm friend of mine was telling that in his father's final illness they had to spend \$97,000 on legal and accounting fees just to try to figure out how to keep the farm together to make it a viable agricultural productivity unit. They wasted \$97,000 that could have gone a long way towards a downpayment on a new tractor or other equipment they needed on the farm.

Speaking about the death tax, there is an article in yesterday's Washington Post from four African American leaders calling for the repeal of the death tax. Many fellow citizens have been able to participate in our economy for a long time and have accumulated assets across several generations. For African Americans who are often getting into the economic life for the first time thanks to the civil rights movement and others, the death tax is holding them back. A generation that has finally gotten to enjoy some level of opportunity is finding that the death tax can undo decades of progress.

For example, Robert L. Johnson, chief executive of Black Entertainment Television and an organizer of the campaign, said the group was influenced by recent efforts by very wealthy white Americans such as William Gates, Senior, and members of the Rockefeller family to fight repeal with similar ads.

Johnson said although it might be easier for people who have accumulated assets for generations to support the tax, many African Americans have built up wealth only since the passage of the Civil Rights Act. He goes on to say on behalf of the group that repeal-

ing the tax will help close a wealth gap that has left the net worth of an average black family one-tenth of that of the average white family. He also said the group believes the estate tax is a form of double taxation because businesses have already paid taxes on earnings.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 2, 2001]

**BLACK GROUP SEEKS REPEAL OF ESTATE TAX  
BUSINESSMEN SAY LEVY INCREASES DISPARITY  
IN WEALTH AMONG RACES**

(By Glenn Kessler)

Opening a new front in the battle over the estate tax, more than three dozen African American business leaders this week plan to support repeal of the tax because they say it helps widen the wealth gap between whites and blacks.

President Bush has made repeal of the tax levied on the assets of wealthy Americans when they die a key part of his \$1.6 trillion, 10-year tax plan. The House is scheduled to vote Wednesday on a bill that would repeal the estate tax by 2011, and that day the group will run full-page advertisements in major newspapers to make clear its support for repeal. Bush fared poorly among African American voters in the presidential election.

Robert L. Johnson, chief executive of Black Entertainment Television and organizer of the campaign, said yesterday the group was influenced by recent efforts by "very wealthy white Americans," such as William Gates Sr. and members of the Rockefeller family, to fight repeal with similar ads.

Johnson, who said he is worth more than \$1.5 billion, said although it might be easy for people who have accumulated assets for generations to support the tax, many African Americans have built up wealth only since the passage of the Civil Rights Act in 1964.

Even then, he said, African Americans often face subtle forms of discrimination, such as difficulty in getting bank loans, and have had to build up businesses by catering mostly to black customers.

Now, Johnson said, this first generation of significant black wealth is threatened by the estate tax. Not only might the tax force the sale of businesses with few liquid assets to pay it, but it also prevents passing on wealth to the next generation, he said.

"Many members of a white family may be wealthy in their own right," he said. In the black community, where a business executive may have been the first in a family to go to college, "all that wealth is in one person's hand, but others are living hand to hand."

Repealing the tax, he said, will help close a wealth gap that has left the net worth of the average black family one-tenth that of the average white family. He also said that the group believes the estate tax is a form of double taxation, because businesses have already paid taxes on earnings.

About 98 percent of all descendants do not pay estate tax because the first \$675,000 of an estate is exempt for taxation, an exemption that is due to rise to \$1 million by 2006 under current law. Only 47,500 estates paid estate tax in 1998, the most recent year for which figures are available. Businesses that oppose the tax say preparations for it, such as buying insurance, are costly and a drain on capital.

Johnson estimates he pays about \$200,000 to \$300,000 in annual insurance premiums, and said insurance costs were akin to "transferring wealth out of the black community to the majority community."

Other members of the group include Earl Graves, publisher of Black Enterprise magazine; Ernie Green, managing director of Lehman Brothers Inc.; Ed Lewis, chief executive of Essence Communications; and Dave Bing, chairman of the Big Group of automotive suppliers.

Johnson said the black community's support for repealing the estate tax might give Bush an opening.

"If he's smart, he'd take the opportunity to reach out to these African American business leaders and say, 'We agree on at least one thing. What else can we talk about?'"

Mr. BOND. I have lots more to say about this budget resolution, and regrettably I will have a chance to say it. But at this point I think it appears that people are here and ready to move on. So I will thank the Chair and yield the floor.

The PRESIDING OFFICER. (Mr. ALLEN). The Senator from North Dakota.

Mr. CONRAD. Mr. President, there were a couple of statements made by my colleague from Missouri that I think require a response.

First, with respect to how much debt can be retired, the President has said only \$2 trillion of publicly held debt can be retired. But when we examined the budget offering by my colleagues on the other side, we saw they have reduced the debt by \$400 billion over that. Perhaps at some point we could get a clarification on how much debt they intend to pay down because while the President has repeatedly said there is \$1.2 trillion that can't be retired, when we examined the budget documents from our colleagues on the other side, we saw they have paid all but \$800 billion of publicly held debt.

So there seems to be some conflict within the troops on the other side. Which is it? Is it, as the President says, that there is \$1.2 trillion you cannot pay down, or is it as the budget document that has come from our colleagues on the other side says, which is, no, it is not \$1.2 trillion, it is \$800 billion?

I think the \$800 billion comes closer to the truth, by the way, than the President's assertion that you can only pay down \$2 trillion of the publicly held debt and that there is \$1.2 trillion that can't be retired. Again, the budget document that has been provided by the other side says they are prepared to pay publicly held debt down to the level of \$800 billion.

The second point: When we do an analysis, a detailed cashflow analysis on paydown of debt, we find that if you save all of Social Security and Medicare trust funds, you have no cash buildup problem until 2010. There is no cash buildup problem until 2010. So all this talk about you are going to be paying premiums and you are going to be paying foreign debtholders more than they should be paid, that just does not match the facts.



That whole scenario arose out of the notion that we do not have a tax cut, that we do not have any additional spending initiative. But under both plans, under the Republican plan and our plan, there are significant tax cuts and there are spending initiatives. The fact is you have no cash buildup problem until the year 2010, and you may well not have it then because this 10-year forecast may not come true.

So I hope we are not debating kind of in the fog with respect to paying down debt and that some are trying to pay down more debt than is available to pay down. Certainly that is not the case based on the testimony received in the Senate Budget Committee.

Finally, on the estate tax, a point that my colleague made on the other side, we do have a difference on the estate tax. We believe it ought to be fundamentally changed, that it bites at much too low a level on estates. We believe that ought to be substantially changed. We believe a couple ought to be able to preserve \$4 or \$5 million without having any estate tax; a small business or a farm, \$8 or \$10 million without paying any estate tax; and we think we ought to phase in those dramatic increases very quickly.

It is interesting; the proposal on the other side does not relieve a single estate of taxation in the next 10 years. Their proposal cuts the tax rates on the wealthiest estates first. I call it the upside down approach. Instead of expanding those estates that are not subject to taxation, our Republican friends have a proposal that cuts the rates on the wealthiest estates first, does not relieve a single estate of taxation over the next 10 years, and makes this promise out there: Well, just be patient; at the end of 10 years we will eliminate it. We will eliminate it. We will eliminate it in the second 10 years right when the baby boomers start to retire and the cost of elimination is \$750 billion for that second 10-year period.

I say to my colleagues I do not think it will ever happen. What will happen is, if we go that route, they will come up with another name for another tax and they will put it on and people will have lost the opportunity in this 10-year period to have our plan pass.

Our plan, which would dramatically increase the exemptions for estates, our plan, which would shield \$4 or \$5 million for a couple, \$8 or \$10 million for a small business or farm so that they do not pay any estate tax, is significant. It would relieve 40 percent of estates from taxation in the first year. Forty percent of currently taxable estates would be relieved of taxation in the first year. We would relieve two-thirds of all taxable estates from any taxation over the 10 years of this budget plan.

Contrast that to what the Republicans have. They do not relieve a single estate of taxation in the next 10 years. They cut the rates on the wealthiest estates first. I don't know

where they came up with that plan, but I don't think that plan is going to enjoy much popular support. It certainly does not in my State.

We are now ready to turn to amendments.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I yield myself time off the budget resolution. I yield myself up to 10 minute, Mr. President.

First I want everybody to know that while my friend who is managing on the Democrat side might choose to answer every detail of research given on this side, I am not going to do that in reference to what he talks about in the Chamber. I will every now and then indicate why I think it is wrong.

I want to make sure we start with everybody understanding what the Republican budget proposal is. I am pleased to have the other side say they would do it differently. But I want to make sure everybody in the country understands that based upon the regular budget concepts that we have been using now for a long time with reference to what is within a budget, what is not within a budget: This is the budget. It is very simple. I don't want to say it is right because I have just asked that perhaps the other side not be so dogmatic and say right and wrong. But I would say it is what the President asks us to do, with a few changes.

Frankly, it is a very good budget, if you want to give the American people, the average family, a substantial portion of this surplus; if you want to give that back to them so they can spend it for themselves as they see fit, perhaps sitting around a table saying we are going to get \$1,600 back, we are going to get \$1,200 back, which is the average in my State; \$1,600 is the average in Texas. They are going to say every year we are going to get that much; what can we do with it? Frankly, I will trust any choice they make sitting around that table rather than us keeping it up here in the Federal Government and making that choice for them.

This is a very basic budget. I am sorry it was prepared when we were still meeting in small rooms. So next time we have it, it will be very big so people will not have to strain. I told them order it twice as big so it will not be so tough for me to explain it.

Everyone agrees if you use the Congressional Budget Office estimates, which we are bound to do—and incidentally, to my friend, the ranking member, when he asked about the debt service and how do we get at these numbers, there is a simple answer: We use the Congressional Budget Office estimates. So that question of us, How do we get the debt service paid like we are? The Congressional Budget Office estimates, which we are supposed to use.

The Congressional Budget Office has estimated a \$5.6 trillion surplus. Everybody starts with that over 10 years. I want to editorially comment on it.

There has been some talk about should we use that number. Let me make sure everybody knows what I think. I think absolutely we should use that number because, if you look at what they tell us, what the CBO tells us, the Congressional Budget Office, they say using modest economics, modest productivity, modest growth, and assume a couple of downturns over the next decade, that is the number they recommend.

All the other business about it could be four times higher and it could be three times lower—they are telling us that might happen. But then you ask them: But what do you recommend? That is what they recommend. That number. That means in the next decade that is going to be sitting around up here, not being needed to pay for the ordinary operations of Government—unless we choose it as an opportunity for spending and we say we are going to spend a bunch of money. Then that will come down. We will not have that much. We will tell you what we think we ought to spend because we think it is right.

Next, take out all the Social Security money, everything that is supposed to go toward the debt on Social Security. I don't think there is any argument there, that is \$2.5 trillion. Then what we call the rest of the Government surplus, \$3.1 trillion—the rest of the Government surplus.

Then the President of the United States has asked us to approve a budget resolution that says the committees that write the taxes can lower taxes up to \$1.6 trillion. Interestingly enough, my friends in the Senate, and anybody else who is interested, this budget resolution does not tell us which tax cuts are going to take place. So when we get up and say we know what the Republicans' tax proposal will be, we know what the Democrat's tax proposal will be—not so. We don't know because the tax-writing committee will write whatever they want with reference to tax cuts, and make sure they do not exceed \$1.6 trillion. That is all we are doing in this budget.

If you want to talk about whose estate tax is better, you have to work on that in the Finance Committee when you write up the bill. When you talk about which kind of marginal rate cuts you are going to have, they will continue to say Republicans want to cut the taxes for the rich. We say we want to cut everybody's marginal rates and, in fact, for those in the middle-income area, they get a rather substantial tax cut, each and every one of them, because their marginal rates are going to be cut. But that may not happen because the tax-writing committee will write what they can work out among themselves.

The next amendment will be offered by the ranking member of that Finance Committee. He cannot stand up here and say this is what the Republicans say they are going to do in the Finance Committee and I know they are going

to do it. He is probably going to say, whatever you say to him, we are going to work our will and he is going to be part of that working our will.

Next, available for other priorities—\$1.5 trillion. Identified priorities: Medicare, prescription drugs \$200 billion, the surplus for Medicare, for Part A, is \$400 billion, and the debt service that it causes is \$400 billion.

The important thing is, no matter what is said on the other side, under our budget there is \$1/2 trillion—\$500 billion—that is not spent. It goes nowhere. It is there to be used as a contingency fund over the next 10 years. That is it, plain and simple.

The other side may choose to put in some other numbers. They have another place they want to say we are going to put \$700 billion because we are waiting around for somebody to draft up a program that will let people, independently, invest in investment accounts.

The point of it is last time I saw that it was part of Social Security reform. The last time I heard about it, it disappeared from the horizon, it seems to me, until the stock market comes back. A lot of other things are not dependent on that stock market, but you come down here to try to sell an overhaul of the Social Security system that includes investing money now in independent accounts that involve the common stocks of America, I think it would be a logical thing going through everybody's head, why don't we wait a year or two? I think that is what is going to happen. I wish it was not. So this is what we normally put in a budget. We believe it is a good budget for the American people.

Having said that, I want to make sure everybody knows that, plain and simple, as this Senator sees it, every time we get close to giving the American people a large sum of the surplus back so they can use it, a new project, program, or activity is invented by the other side to spend it. It is presented with great, great ardor, with great effectiveness. All of a sudden, something that was never used before in a budget, never thought necessary, as soon as we get close to giving those American people a big tax break up pops another one: Here is \$700 billion you ought to set aside for something else. Here is \$500 billion more you should spend on Medicare plus agriculture.

Just remember, those who are listening, you will hear many things. But for the most part, it will be: We have found some way to use more of this surplus for Government purposes rather than for individual purposes. Up pops the spending, up pops the new idea that will restrain what we can give the taxpayers of America.

I have been at it a long time. I was one who stuck with it to get balanced budgets. I believe this is fair. I believe we are going to have a balanced budget, we are going to keep a balanced budget, we are going to pay down the debt as much as you can, and we are

going to end up giving the American people back some of their money. That is a very simple plan. The President offered it and it was pretty good.

I yield myself 2 more minutes.

Remember that all of these proposals build on a budget that the President sent that has a 4-percent increase built into it, and for the decade almost has 4-percent growth every year. All of that is taken for granted. Everybody should understand that. Then whatever people are offering on top of that means more than 4 percent which means less tax reform and less tax rebates, less tax cuts.

The budget before us does one other good thing. It says, tax-writing committees, you can use \$60 billion out of this year's surplus as this year's stimulus so long as you fix the marginal rates so that you get a double whammy: current stimulus and a permanent fix for the American economy and its performance over time for the American people who are sitting around about now paying their taxes. We are saying to them: We want your taxes to be less; we want to give you some back. In addition to the stimulus, we want to prepare the economy for long-term growth.

I yield the floor. I understand the other side has an amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I listened to my colleague.

First of all, let me say that I have enormous respect for the chairman of the committee. He is a good chairman. He is a fair chairman. But we do have a significant difference of opinion with respect to the budget that is before the country.

The chairman believes that the size of this tax cut is the appropriate way to go. He tries to poster it as a question of spending versus tax cuts. But that is the old debate. That is the tired debate. It doesn't relate to the facts of their budget.

It is not the proposal that we have made. The fundamental difference is we have reserved 70 percent of the money for short-term and long-term debt reduction. They reserve, under the President's plan, about 35 percent of the money for debt reduction.

The fundamental difference is not a difference between taxing and spending. The fundamental difference is a question of do we do more debt reduction as we advocate or more of a tax cut as they advocate?

We have a substantial tax cut but one that is half as big as theirs because we reserve the difference for money to deal with our long-term debt that is primarily Social Security. We say: Look, we have had the Comptroller General of the United States come and tell us the situation we face.

The Social Security and Medicare trust funds face cash deficits as the baby boomers retire. Yes, we are in surplus today, but we are headed for deficits tomorrow. We say in our plan

that we ought to set aside some of their money they want to use for a tax cut to deal with the long-term debt crisis facing our country.

That is the difference. That is the big difference between their plan and our plan. They want it all for a tax cut. We want half of it for a tax cut, and we want half of it to begin to deal with our long-term debt crisis that is facing this country.

If we want to strengthen Social Security for the future, we have to have resources to do it, whether it is individual accounts as many on their side advocate, and some on our side, or whether it is the Social Security Plus plan advocated by Vice President Gore in the Presidential campaign or whether it is the privatization plan that their President advocates. From where is the money going to come?

The chairman of the committee puts up a chart. You can't find a single dime set aside to strengthen Social Security for the long term—not one thin dime. You can't find a penny to deal with this long-term debt problem, not a penny.

That is the difference between us.

We reduce the size of the tax cut so that we have resources to strengthen Social Security for the long term to deal with this long-term debt crisis.

Look at what we are told. The Social Security and Medicare trust funds start to run into massive deficits in this second 10-year period.

Let me conclude. When they say this is a question of the Democrats just wanting to increase spending, no, this isn't a question of Democrats just wanting to increase spending.

Let's go to the facts. The facts are under our plan the Federal role will continue to shrink. Last night the Senator from Texas said facts are stubborn things. Indeed they are.

Here is our spending proposal. The role of the Federal Government would continue to decline. In fact, it would go to the lowest level since 1951 under our proposal. This is not increased spending. This is reducing the role of the Federal Government so more resources can be dedicated to debt reduction—both short-term and long-term under our plan.

That is the fundamental difference between these plans.

Our friends on the other side want to take all of the non-trust-fund money and put it out for a tax cut. We say, no, that is not wise. Yes, half of it could be used for a tax cut, but half of it ought to be used to deal with our long-term debt crisis; that we ought to strengthen Social Security for the long term.

That is the fundamental difference between these plans. And it is a profound difference. It recognizes, No. 1, the uncertainty of the forecast. Any 10-year projection is uncertain.

More than that, it recognizes that at the end of this 10-year period, the baby boomers start to retire. These surpluses turn to deficits, and we have an obligation to deal with that long-term



debt. We have reserved \$750 billion for that purpose. That money could go into individual accounts.

When they talk about money going back to the people, you add up our tax cut and the money that is available to deal with long-term debt, which happens to be the people's debt—we talk a lot about the people's money; it is also the people's debt—you have the people's short-term debt and the people's long-term debt. We say let's reserve 70 percent of the money to deal with the people's short-term and long-term debt.

Our friends on the other side want to take all the non-trust-fund money and use it for a tax cut. They don't want to reserve one single dime to deal with this long-term debt crisis facing the country, not a penny. There is no money reserved for the long-term debt situation of the country.

They will say we reserve the Social Security trust fund money. Good. That is a good start. But what do you do next? What do you do after you reserve the money for the Social Security trust fund and the Medicare trust fund? Do you provide a single dime? Is there a single penny in there to deal with the long-term crunch that we all know is coming? No, not a penny.

They are getting ready to take it out of the Social Security trust fund, which, of course, will just move up the date of insolvency for the Social Security trust fund.

We say reserve every penny of the Social Security trust fund for Social Security, every penny of the Medicare trust fund for Medicare, and out of what is left take \$750 billion to strengthen Social Security for the long-term to deal with the long-term debt that is facing this country.

This isn't a question between taxes and spending. No. It is part of it because there are places where we think more resources could be reserved for a prescription drug benefit, to improve education, and to strengthen national defense. But we also believe most of this projected surplus ought to be dedicated to debt reduction, short term and long term. And we do twice as much as they do.

That is a simple truth. That is the simple difference. It is a big difference for the future of this country.

We are going to go to our first amendment and Senator BAUCUS.

The PRESIDING OFFICER (Mr. BOND). The Chair recognizes the Senator from Montana.

#### AMENDMENT NO. 172 TO AMENDMENT NO. 170

(Purpose: It is the purpose of this amendment to establish a prescription drug benefit under Title XVIII of the Social Security Act, without using funds generated from either the Medicare or Social Security surpluses, that is voluntary; accessible to all beneficiaries; designed to assist beneficiaries with the high cost of prescription drugs, protect them from excessive out of pocket costs, and give them bargaining power in the marketplace; affordable to all beneficiaries and the program; administered using private sector entities and competitive purchasing techniques; and consistent with broader Medicare reform.)

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS], for himself, Mr. ROCKEFELLER, Ms. STABENOW, Ms. MIKULSKI, Mrs. MURRAY, Mr. DAYTON, Mr. WYDEN, Mrs. CLINTON, Mr. REED, and Mrs. CARNAHAN, proposes an amendment numbered 172 to amendment No. 170.

Mr. BAUCUS. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. BAUCUS. Mr. President, this amendment is very simple. It provides the funds necessary to establish a good, solid prescription drug benefit in the Medicare program for our seniors and disabled. That is what it does. It is not excessive. It is not gold plated. It is not, frankly, the total benefit that some of our seniors would like. But it is a good, solid benefit—coverage that would meet the commitment that so many of us have made so many times to our seniors.

To offset the cost of the new benefit, the amendment would make a very modest reduction in the size of the proposed \$1.6 trillion tax cut. It would be very modest.

Let me put this amendment in perspective. Medicare was enacted in 1965. Since then, the practice of medicine has changed dramatically. No one doubts that. Today, more often than not, medicine involves not only a trip to the doctor, but a trip to the pharmacy to pick up a prescription drug as part of therapy.

At the same time, we all know that drug prices are rising very fast. In the year 2000, drug prices rose by 11 percent. Since 1990, prescription drug spending has more than tripled.

Let's go beyond the statistics and look at the effect on real people. Take the drug Prilosec. It is used to treat ulcers and digestive problems. If you don't have health insurance, it might cost you \$1,400 a year. If you are a senior citizen living on Social Security payments of about \$10,000 a year—and many seniors are—that is more than 10 percent of your income on one prescrip-

tion. I ask you, how many seniors have only one prescription? Virtually none. They have several. They have to.

Or take Lipitor, which is used for diabetes. It costs \$680 a year. For Procardia, which is for hypertension, it costs \$900 a year. And the list goes on.

The result is that Americans who do not have drug insurance coverage pay the highest prices for prescription drugs of anyone in the industrialized world. Let me repeat that statement. It is startling. Americans who do not have insurance coverage pay the highest prices for prescription drugs of anyone in the industrialized world. I think that is something we do not want to continue.

We are not talking about relatively a handful of people. Over the years, as the importance and expense of prescription drugs has grown, more and more seniors have been affected. Today, about 35 percent of Medicare beneficiaries lack direct coverage for outpatient prescription drugs—35 percent. And that probably understates the problem.

For example, one study has shown that only about 50 percent of seniors have drug coverage throughout the year, and for many who do have coverage, it is often limited, inadequate.

In rural areas, it is even worse. There the problem is particularly severe. In my State of Montana, 76 percent of Medicare beneficiaries live in rural areas. A National Economic Council study of last year showed that rural beneficiaries are 50 percent less likely than their urban counterparts to have drug coverage.

Here is another way to look at it. Rural Medicare beneficiaries use 10 percent more prescriptions than the people in the cities, but they pay 25 percent more out of pocket for their drugs. They are more likely to use drugs but pay more than 25 percent out of pocket than people who live in cities.

This lack of coverage is reflected in the letters I receive every day. And I am sure you, Mr. President, and every senator in this body receives letters very similar to what I am going to read. For example, a woman from Columbus, MT, a rural part of my State wrote:

Senator Baucus, it is so vital to me and thousands of other senior citizens that prescription drugs be put entirely under Medicare. I drew \$5,890 in Social Security in the Year 2000, and my prescription drugs cost me \$7,514. . . so you can see it is a struggle to keep things paid.

She paid a lot more in drugs than she got in Social Security benefits—a lot more, almost a couple thousand dollars more.

And I heard this from a senior citizen in Havre, MT. She wrote:

Senator Baucus, I am a senior citizen on a fixed income. I take medication to deal with anxiety. That medicine used to cost me \$20; now it costs me almost \$60. Something should be done about this.

How right she is. In fact, I will bet virtually everyone in this Chamber

agrees, something should be done about this.

That is where the budget resolution comes in. Simply put, the budget resolution proposed by the Senator from New Mexico does not go far enough. It does not set aside funds that are needed, funds to support a solid prescription drug program. In other words, it sells our seniors short.

I will be more specific. The budget resolution sets aside about \$153 billion over 10 years for a new prescription drug program. That tracks with the President's proposal, the so-called "immediate helping hand."

I am not critical of the President, nor am I critical of the senator from New Mexico. Their proposal is a start. It acknowledges the need to expand prescription drug coverage. It makes a good-faith effort to get there. But even though it is a start, it has two very significant problems that have to be remedied. First of all, the budget resolution does not even cover the cost of the President's proposal. CBO now estimates the President's proposal would cost \$207 billion over 10 years. So the budget resolution is more than \$50 billion short. The chart behind me shows that; that is, the budget proposal offered by the Senator from New Mexico falls short and does not even do what the President's helping hand suggestion purports to cover. So it fails in that regard.

Second, we probably all know that the President's proposal in and of itself isn't going anywhere. Even it is too short. It is not enough. When Secretary Thompson had his nomination hearing before the Finance Committee, there was a lot of talk about prescription drug proposals. But not a single member of the committee spoke up to support the President's proposal. Why? Because it was so inadequate.

That is not surprising. The proposal has several defects. One, it requires States to implement a new program they do not want. It also delays many tough decisions on Medicare reform.

Most significantly, it leaves half of all seniors behind, without coverage. Anyone with an income above \$20,000, for example, if they do not have prescription drug coverage now—as I mentioned, about 35 percent of American seniors do not have a plan. They will not have it under the President's proposal.

This chart behind me shows in the circle all of the seniors now not getting prescription drug coverage. On the left, is the helping hand provision. About half the seniors will be covered under the helping hand proposal. The black on the far right shows about half of the seniors would not get coverage under the proposal.

Now, it could be argued that the budget resolution does not lock in the President's proposal. After all, it does not mandate any particular approach. It just establishes the overall funding. True. At the same time, it is clear that if we set aside only \$153 billion over 10

years, we will not be able to write a prescription drug coverage bill that goes far enough to provide universal coverage to all our seniors.

Here is what the head of the CBO told our committee two weeks ago:

[A] universal benefit would be a pretty thin benefit . . . . If you're going to spread \$150 to \$160 billion over the entire population, it won't provide a great deal for any one person.

He is commenting on the helping hand proposal offered by the President. So whether you focus only on the President's proposal or more broadly on what you could accomplish for \$153 billion, the budget resolution is obviously much too short.

The amendment that Senators GRAM, KENNEDY, and I have offered is designed to address this shortfall. How do we do it? We do it by providing more resources from the budget surplus for prescription drug coverage. It basically doubles the amount that is available from \$153 billion to \$311 billion. By doing so, the amendment gives us room to design a good, solid prescription drug program, something that is going to work. We don't want to pass something so inadequate that not only is it paltry, but it just won't work. It would be disingenuous. It would be a false promise to our seniors. We have to do enough that works. Not a gold-plated program, but a solid one.

To offset the cost, our amendment reduces the size of the tax cut by \$158 billion, or about 10 percent. Since \$153 billion is already provided for in the budget, we take \$158 billion out of the tax cut, totaling about \$311 billion. That is our amendment. That still allows us plenty of room to cut tax rates, reform the estate tax, the marriage penalty, and other necessary changes to the code.

Some will argue that a \$1.6 trillion tax cut is the Holy Grail. It is sacrosanct. We can't touch it. It is locked in stone. It is almost in the Constitution. That is what we hear, that we must pass a tax cut that large at all costs, regardless of the consequences, regardless of the other important priorities that would have to be shunted aside. I disagree.

The process of writing a budget resolution is a process of setting priorities. A large tax cut is an important priority, but so is the health and welfare of our senior citizens. So I ask the Senate to strike a balance, and that is precisely what our amendment does.

Mr. President, we may hear a counterproposal, a second-degree amendment to accomplish some of the same objectives by taking the money out of the so-called contingency fund, rather than by reducing the proposed tax cut by \$158 billion. This is an honest debate. Where do we get the money? Do we take it out of the contingency funds, or do we take it out of the tax cut? That is the question with which this body is confronted.

We know that the contingency fund has been accounted for by as many

times as there are Senators in this body and more than that, because each Senator has different ideas how to use that contingency fund.

That contingency fund is not going to be there. Let me indicate why. If you take the final amendment in the contingency fund presented by the Senator from New Mexico, he said it is about \$450 or \$500 billion—I am not sure exactly which—here are some of the claims against the contingency fund in various ways: uninsured benefits, people want to start providing a benefit for the 43 million Americans who are uninsured; the alternative minimum tax, what is that going to cost us? That is going to cost us \$200 to \$300 billion. We all know we are going to fix the alternative minimum tax defect. Extenders, tax extenders, not in the budget, another \$200 billion. Already that is close to \$600 billion.

Business tax breaks, does anybody here think there are not going to be some business tax breaks in this bill, say \$200 to \$300 billion? Agriculture, that is not in here. Disaster assistance, that is not in here. That is about \$100 billion over 10 years. Education, \$150 billion; missile defense, possibly another \$200 billion. There is just so much in here or not in here that if we honestly look at the tradeoffs, either reducing the tax cut by \$158 billion or using the contingency fund for a prescription drug benefit, it is clear where the money is going to be and where the money is not going to be.

I know many Senators in this body think they can't touch the \$1.6 trillion tax cut. That it is just a given. But nothing is a given around here. We are here to make choices. We are here to represent our people. I will bet dollars to doughnuts that if you were to ask all of the people in your State, and if every senator were to ask all the people in their own States, what do you prefer, a \$1.6 trillion tax cut with no prescription drug benefit, except a very modest one that won't work, or a tax cut reduced by \$158 billion for a real honest-to-goodness prescription drug benefit that will work, we all know what the answer to that will be. People will say: Of course. That is such a modest nick in the tax reduction for something so good and so needed. There are so many seniors destitute and down and out who need prescription drug help. That is a no-brainer.

Compare that with asking: Should we try to get the benefit out of the contingency fund? We all know, we are adults, we have been around here a while, that is kind of a phony issue, that contingency fund, because everybody knows the claims on it are more than the number of senators in this body.

Let's do what is right. It is a very modest reduction in the President's proposed tax cut, a modest reduction that clearly makes sense. I ask senators to forget what the party ideology says for a moment. Maybe just for a nanosecond, someone might say: Gee, that is a good thing to do.

In so saying, I urge senators to support the amendment offered by myself and Senators GRAHAM and KENNEDY, reserve the remainder of my time, and yield to the senator from Florida.

Mr. REID. The time would be off the bill, Mr. President.

Mr. CONRAD. Mr. President, may I indicate that Senator GRAHAM's time will come off the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President, before I turn to the specific issues raised by the amendment offered by my friend and colleague from Montana, myself, and others, I will make a couple of general comments about the context of this discussion of the budget resolution.

We are looking at the world as if it ended exactly 10 years from the end of this fiscal year. That is a very artificial restraint.

At a meeting of the Senate Finance Committee on March 29, a former Director of the budget office during the administration of the first President Bush made this statement in response to a question about the artificiality of the 10-year limit. Dr. James Miller stated:

I think the timeframe does matter. We sort of lull ourselves into, when I was budget director, in 5-year timeframes, and now you are looking at 10-year timeframes, and it is appropriate to look beyond that. And what we know, of course, is that they'll be running big surpluses until about 2020, whatever. And then we will be running deficits again.

During that hearing, I used the important historical fact that on March 30, my daughter Suzanne's triplet daughters had their sixth birthday. I can report it was a happy celebratory occasion. If my daughter and her husband were to view the economic consequences relative to their triplets as we are about to do with this budget, they would stop the clock 10 years from now when their triplets had their 16th birthday. That would give a very false impression of what the true cost of raising triplets in the 21st century is going to be because 2 years after their 16th birthday will be their 18th birthday, the year in which, hopefully, they will all be entering college. Any family who has some idea of what college costs for one child in the year 2001 can calculate what the costs are going to be for three children and project what they are likely to be in another 12 years from now.

In many ways our Nation is similar to my daughter's family. We have some very big expenses that are coming just beyond this 10-year timeframe. What is driving those big expenses is a contract. Actually, it is a series of contracts between the American people and their Federal Government.

Those contracts provide that when Americans reach retirement age, they will become eligible for economic assistance in the form of Social Security, a contract they have been paying for throughout their working life through

a payroll deduction plan, and they will also become eligible for Federal assistance in paying their health care costs, a contract which in part, through the Part A hospital trust fund, they have also been paying for throughout their working life.

The numbers of Americans today who are cashing in that contract are relatively modest. I happen to be 64. In November of this year, I will become fully eligible for Social Security and Medicare. When I become eligible, I will place a relatively modest burden on the trust funds because, frankly, there were not a lot of people born in 1936. It was the depth of the Depression and most people did not see that as a propitious time to be adding to the size of their family.

Right after World War II, Americans started having babies in record numbers. It is those babies who will begin to become eligible for Social Security and Medicare in about the year 2011, just after this 10-year window shuts down, and they will rapidly increase in numbers. As Dr. Miller said, by the time of 2020, whatever, then we will be running deficits again.

In my judgment, the context in which we need to look at all of the issues we are discussing is not the 10-year context but the generational context of the next 25 years so that we will be taking into account this enormous number of Americans who will be eligible for the contract rights they have been paying for in Social Security and Medicare.

Another thing is going to be happening to that population. Not only will it be reaching retirement age, but that generation is going to start living longer. The average life expectancy of an American when Social Security was established in the mid-1930s, after one reached 65, was about 7 years. Today, the average age for an American female who reaches 65 is almost 20 years, and it is almost 16 years for an American male.

During this century, those ages beyond 65 will continue to grow. So we are going to have a much larger population over 65 and that population will live substantially longer, placing additional economic challenges to the Federal Government.

In my judgment, the key step we should be taking now to prepare for that is to save every dollar of the trust funds of Social Security and Medicare for their intended purposes. We should do this to the maximum extent possible by paying down the national debt, and then we need to be creative after we have reached the point that we have paid off the national debt fully or to the extent feasible, as to how we can continue to reserve those funds so that they will be available when this tidal wave of retirement comes in the next decade.

Those are some of the contexts for the discussion on the issue that will dramatically affect this generation that will soon be retiring, and that is

the quality of the Medicare program they will become eligible to receive.

I strongly support the addition of a prescription drug benefit to Medicare. Frankly, if anyone were to suggest that a Medicare program be fashioned today and not include prescription drugs, they would be considered to be a dinosaur in terms of what is a modern health care system.

This belief that Medicare should include prescription drugs is now widely accepted by the American people. Both the candidates for President in the year 2000 committed to work for a prescription drug benefit for older Americans.

I have been conducting a poll on my Senate Web site for over a year on the question of Medicare prescription drugs. The first question we ask is, Should Medicare coverage include a prescription drug benefit?

I have no professions as to the statistical appropriateness of this poll. It is just anybody who logs on to our site and takes advantage of the opportunity to express their opinion. But of those who have done that—this, as I said, represents over a year of citizens who have taken advantage of this poll—88 percent have answered the question: Yes; Medicare coverage should include prescription drugs. I think that is close to representative of what the American people believe about this issue.

The challenge is before us this week to make a determination: Are we going to provide in this budget resolution a sufficient amount of funds to provide an affordable, comprehensive, realistic prescription drug benefit within Medicare?

I submit the proposal which is contained in the budget resolution as submitted is not an adequate proposal to provide that comprehensive benefit.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GRAHAM. I ask for an additional 10 minutes.

Mr. CONRAD. We will be happy to provide the Senator an additional 10 minutes off the resolution.

Mrs. HUTCHISON. Mr. President, the Senator intends to take 10 more minutes; is that correct? May I ask, then, that following the Senator from Florida, I be able to speak for 15 minutes.

Mr. KENNEDY. Reserving the right to object, and I do not intend to object, but I have a similar request; that I follow the Senator from Texas.

Ms. STABENOW. I also ask to follow the esteemed Senator from Massachusetts.

Mr. CONRAD. Perhaps we can propound a unanimous consent request. Mr. President, I ask unanimous consent that the Senator from Florida, Mr. GRAHAM, continue for 10 minutes; then turn to the Senator from Texas, Mrs. HUTCHISON, for 15 minutes; then go to the Senator from Massachusetts, Mr. KENNEDY, for 15 minutes; and then go to the Senator from Michigan, Ms. STABENOW, for 10 minutes.

The PRESIDING OFFICER (Mr. ENZI). Is there objection?

Mr. BAUCUS. Mr. President, reserving the right to object, my understanding is there are 7 minutes remaining on the amendment. I want to reserve 5 minutes on the amendment.

Mr. FRIST. Mr. President, reserving the right to object, are we alternating back and forth on the sides? I did not hear the unanimous consent request.

Mr. CONRAD. There were no requests on the Senator's side. We can certainly do that.

Mr. FRIST. If not, I want to be inserted wherever convenient following Senator HUTCHISON, if we are alternating back and forth.

Mr. CONRAD. I amend the unanimous consent request to 10 minutes for the Senator from Florida, then 15 minutes for the Senator from Texas, then back to our side for 15 minutes to the Senator from Massachusetts. How much time does the Senator from Tennessee want?

Mr. FRIST. Twelve minutes.

Mr. CONRAD. Twelve minutes to the Senator from Tennessee, and then come back to the Senator from Michigan for 10 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAUCUS. I have 5 minutes.

Mr. CONRAD. The Senator from Montana had previously requested and, as I understood it, reserved 5 minutes off the amendment. All of these other times are off the resolution on our side. On the Republican side, I am assuming they will be off the amendment.

Mrs. HUTCHISON. Off the resolution.

Mr. CONRAD. Off the resolution.

Mr. BAUCUS. I suggest, frankly, under the rules, each side has 30 minutes. This side has virtually used up 30 minutes, and none of the time has been used on the other side. My suggestion is during this debate we also use time off the amendment as well as time off the resolution, but we start first with the amendment and then the resolution so that is taken care of.

Mrs. HUTCHISON. That is not my intention. My intention is to take time off the resolution.

Mr. CONRAD. I repeat my unanimous consent request and we reserve 5 minutes off the amendment for the Senator from Montana.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Florida.

Mr. GRAHAM. The amendment on which we are debating provides \$153 billion in new budget authority in outlays for a prescription drug benefit for the period 2002 through 2011. As my colleague, Senator BAUCUS, has already indicated, the assessment of the plan that President Bush has submitted would be that it would have a cost over that 10-year time period of \$207 billion. So the amount of money requested in the budget resolution would not even be adequate to finance the barebones, available only to low-income elderly, high-deductible plan that President Bush has recommended.

If we were to try to take his plan and stretch it as he states he will attempt to do during the last 6 years of this 10-year period to cover all Medicare beneficiaries, the effect of that would be to provide a plan which could require as much as a \$1,750 deductible before any beneficiary was eligible for payment under the prescription drug benefit.

As Senator BAUCUS has already demonstrated, the Director of the CBO has described the attempt to stretch a universal benefit under the amount of dollars available as not providing a great deal for any one person.

There is a second defect in this plan in addition to its inadequacy. That is the fact that it purports to use Part A funds as the means of paying for this prescription drug benefit. That is quite directly stated in the plan which has been passed by the House, where their budget resolution specifically says prescription drugs will be paid through the Part A trust fund.

The Senate resolution is not that explicit, but as you go through the analysis provided by the Senator from North Dakota and the Senator from Montana, you inevitably come to the conclusion that the proposal is to switch the Part A trust fund surpluses to a contingency fund and then use that contingency fund for a variety of purposes, including the payment of prescription drug costs to the Federal Government.

The Part A trust fund is one of those contracts between the American people and their Federal Government. That Part A is intended to pay for hospital costs, not for other costs. If we are intending to add to the Part A trust fund a new obligation to pay for prescription drugs, then we are going to have to ask ourselves how are we going to provide the additional dollars that will be required for the Part A to be able to meet its current obligations of paying hospital costs and take on this new, nonactuarially balanced responsibility for prescription drugs.

I believe this amendment being offered presents the opportunity to tell the American people we are serious about providing a prescription drug benefit and that we recognize the urgency of doing so.

Today, prescription drug benefits for older Americans, which have traditionally been provided from other sources, are rapidly declining. There are four areas in which, traditionally, Medicare beneficiaries have received some prescription benefit. Medigap, which is the purchased insurance, is becoming so expensive that fewer than 5 percent of the Medicare beneficiaries today are purchasing it. Managed care has been dramatically reducing prescription drug benefits. In my State of Florida, it is common for there to be a \$500 per year maximum of prescription drug benefits. Many elderly use that in less than 2 months.

Retiree plans are becoming less prevalent and less generous, and Medicaid—my State of Florida is an example has

restricted prescription drug benefits to just three medications.

In every area, the places that the elderly have looked to in the past for benefits are declining. At the same time, the cost of drugs is rapidly increasing. The average yearly drug spending per Medicare enrollee today is \$1,756. This is projected to increase to \$4,412 by the year 2010.

The time is urgent. We face this issue of the necessity of providing a meaningful prescription drug benefit for older Americans, and to do so through the Medicare program. What would be the outline of an appropriate plan? I think an appropriate plan would have the following characteristics: It would be voluntary in the same way the physician benefits which are currently provided through Part B of Medicare are voluntary. It would be comprehensive. It would be available to all Medicare beneficiaries. It would be adequate.

Today, the physician component of Medicare is paid 75 percent by the Federal Government, 25 percent by monthly premiums. I propose for this prescription drug benefit it be an equal, a 50/50, division of responsibility between the Federal Government and the Medicare beneficiary.

Projections have been that at that level of support we could anticipate substantial voluntary participation in this plan, sufficient participation to maintain its actuarial soundness and to avoid the cherry-picking or adverse selection of only those who were the most in need. This would be within Medicaid—hopefully, a reformed Medicare. It would use an insurance model. It would emphasize to people that this is not just a dollar-for-dollar exchange for products you know you will purchase. It also represents a transfer of the risks that you might become seriously ill and your prescription drug costs dramatically increase.

We would provide for a deductible at the beginning of the process, but also very important, a stop loss, once you have expended \$4,000. At that point, the Federal Government would pay the full cost of your prescription drugs.

We believe this is an affordable plan. Last year, a plan with these characteristics was costed as \$245 billion for a 10-year period. Today, it is estimated that the same plan will cost \$311 billion for 10 years, which is some indication of how rapidly prescription drug costs, particularly those drugs that are most used by older Americans, have been increasing.

The American people want and expect this Congress will provide a prescription drug benefit. They have a right to expect that benefit will not be a sham, that it will provide meaningful, comprehensive, adequate coverage for all seniors who elect to participate in this program. They have a right to expect it will not be done at the sacrifice of their current contractual expectations in terms of hospital benefits. Those hospital benefits have been paid for over the years in their payroll

taxes. This is not the time to raid that fund to try to finance a prescription drug benefit. It should be done through a combination of general revenue Federal funds and the premiums paid monthly by the beneficiaries on an equally shared basis.

That is what our amendment will finance. I urge my colleagues who are serious about telling their constituents they voted for a prescription drug benefit to vote for this amendment.

The PRESIDING OFFICER. The Senator from Texas.

#### ORDER FOR RECESS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent the Senate recess from 12:30 to 2:15 for weekly party conferences to meet and the time be counted equally with respect to the budget resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. Mr. President, I rise today on the resolution itself. I am very proud of the budget resolution that has been produced. I commend Senator DOMENICI for his leadership in making sure we address all the needs of our country in the most responsible way. I want to address the basics of this resolution: debt reduction, tax relief, protecting Social Security and Medicare, and increasing spending in our priority areas.

Every household and every business in America increases spending in some areas and decreases spending in some areas because you set your priorities and you decide what you want to spend more money for and what you care less about and would not increase for the following year. That is what has been done in this budget resolution.

First, let's talk about debt reduction. This budget resolution provides for the largest and fastest debt reduction in the history of our country. We will pay off \$2.3 trillion of our \$3.2 trillion in publicly held debt over the next 10 years. Not only is this an aggressive schedule, but it is the maximum debt reduction possible unless we want to pay a penalty, which would not make economic sense. So without penalties, we are paying down this debt to the maximum extent possible.

Under this budget resolution, the Government's publicly held debt will decline from 35 percent of the gross domestic product to 7 percent in 2011, the lowest level in 80 years. By comparison, the publicly held debt was 80 percent of the gross domestic product in 1950, following World War II; it was 42 percent of gross domestic product in 1990, following the cold war; and by 2011, under this budget track, it will be 7 percent. That is a healthy debt ratio and most certainly a healthy reduction.

Tax relief. We are going to have \$5.6 trillion in surplus over the next 10 years. We are proposing to divide that right down the middle and set aside all of the Social Security and Medicare surplus so that those items will only be spent for those two very important

programs. But of the other half, which is the income tax withholding surplus, which means that people are sending \$2.5 trillion more to Washington than we need to fund the current programs, we want to return \$1.6 trillion, leaving approximately \$1 trillion for added spending because we are going to add spending in our priority areas.

The overall budget increase is 4 percent. There will be more in some areas such as public education—11.5 percent—and there will be less in some areas. There will be dead even expenditures 1 year to the next in some areas. In some cases, projects have already been finished and they do not need more funding.

So we are taking the responsible approach of saying \$1.6 trillion goes back into the pocketbooks of the people who earned it. What is going to happen with that \$1.6 trillion? That money will go back into the economy, either through spending, savings, or investment, all of which is better than having it sit in Washington doing nothing for the economy. In fact, some economists say it is a drag on our economy to have this big a surplus sitting in Washington, doing nothing. It is better to be in the pocketbooks of the people who earned it so it will go back into the economy and create the jobs and the prosperity that will keep the economy strong.

We are talking about a \$5.6 trillion tax relief package. But Senator DOMENICI, to his great credit, came up with the idea that we are watching the economy stagnate right now. So why don't we take \$60 billion, which is the surplus we have available right now, and give it back to the people right now. So \$60 billion is set aside.

The Democrats and the Republicans have agreed on that figure. Senator CONRAD has agreed on the \$60 billion figure. That is in the budget we will pass today. How that \$60 billion is returned to taxpayers I do not know. We will talk about that later. We will hammer it out. But now that we have the number in the budget, the people of our country will know they are going to get some relief immediately.

No. 3, protecting Social Security and Medicare. We want to make sure that Social Security is secure. That is our No. 1 priority. That is exactly what we do in this budget resolution. The Social Security surplus will be used for Social Security, and it will also reduce the debt because we have the surplus that is there for Social Security. The same is true for Medicare. The budget resolution ensures that every dime of Medicare Part A will be used for Medicare, for paying down the debt. It also provides—and this is important; Senator GRAMM was talking about this before I spoke—\$153 billion over the next 10 years will go for prescription drug benefits and options in Medicare because all of us know that people are having a harder time paying for their prescription drugs.

Prescription drugs have taken the place of surgery. They have taken the

place of hospital stays. They have lessened the cost of health care in general. But the drugs are expensive so we need to accommodate that added expense as we are reforming Medicare. This budget provides the means to do that.

So what is left? Our funding priorities. We are increasing our priority areas 11.5 percent for education. That is our No. 1 priority area and it is the biggest expenditure in the budget. A 4-percent overall annual increase is going to be higher than the rate of inflation. So I think that is quite responsible.

In addition, we are going to double the spending at the National Institutes of Health for the research so we can, hopefully, find the cure for breast cancer and colon cancer and all of the diseases, heart disease—we are pouring the money into the research because we want to try to cure these diseases.

We have treatments for these diseases but in many instances we don't have the cure. That is what doubling the NIH budget does.

We are going to increase national defense spending. That is our first responsibility. Curing Social Security and providing for the national defense is our first-line responsibility. We are going to make sure that the men and women who give their lives to protect our freedom will have the support they need to do the job. We are going to give them higher pay. We are going to give them education benefits. We are going to give them health care benefits, and we are going to give them better health. We owe them that. They are doing a job for our country that no one else can do.

We are going to have the next generation of technology so that we keep our superiority in national security; so that we keep the air superiority we have seen just in the last year absolutely perform in the way we had hoped it would.

We are going to keep the superiority of our defenses because we know that the best defense is a good defense. We know that peace will come through strength. Knowing that we have the best is the best deterrent that we can have for any country that might choose to fool around with America.

I am proud of this budget resolution. I am proud of the President of the United States.

There is a new era in Washington. I hope we can keep the promises we made to the American people and pass a responsible budget resolution with responsible spending and responsible tax relief for every hard-working American.

I yield the remainder of my time to Senator FRIST.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. FRIST. Mr. President, how much time remains on the amendment?

The PRESIDING OFFICER. The Senator from Massachusetts was to follow the Senator from Texas. The Senator from Texas has 4 minutes remaining.

Does she intend to allow the Senator to use her time?

Mrs. HUTCHISON. Mr. President, I had 15 minutes, and it is my intention to yield the remainder to Senator FRIST.

Mr. CONRAD. Mr. President, reserving the right to object, we have a unanimous consent agreement in place. The unanimous consent agreement provided for time for the Senator from Texas, and then we were to go to the Senator from Massachusetts, and then back to the Senator from Tennessee. I think what has been suggested would be out of order.

The PRESIDING OFFICER. The Senator from Massachusetts was next to be recognized.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, as I understand it, I have 15 minutes. I ask the Chair to let me know when I have 12 minutes left.

Mr. President, first of all, I commend Senator CONRAD, the ranking member of the Budget Committee, for his excellent presentation both last evening and this morning. I also commend him for his deep and profound and thoughtful analysis of the whole budget that is before the Senate at this time in the rather unusual form because, as I think every Member understands, we don't have the President's budget.

I think all of us believe we should have the actual budget of the President so we can find out the President's priorities and the cuts that are going to be made in the various programs rather than predicting or surmising what might be in that particular proposal.

I commend Senator CONRAD for the very strong analysis he has made of this. From any fair reading of the debate, to date, one would have to find that the presentation made has been clear and convincing—that we are not going to be able to do all things for all people. We are not going to be able to afford these very dramatic tax cuts, which I believe are too large, too unfair, and too unpredictable, and still deal with the many challenges that we are facing.

I commend the Senators from Montana and Florida, Mr. BAUCUS and Mr. GRAHAM, for their leadership on this issue of prescription drugs. They have made a very effective case. It is one which I strongly support. I thank them.

It is a clear indication of the priorities on this side of the aisle that our first amendment is on the issue of prescription drugs. This amendment recognizes the enormous need for giving assurances for prescription drugs to our seniors. I want to underline that fact. Today, as was pointed out in the presentation of Senator BAUCUS of Montana and the presentation of the Senator from Florida, this is really a life and death issue.

Our debate on the budget is really a question of priorities, and it is also a question of values. What we are saying with this amendment is that we put a

high priority on the issue of prescription drugs—guaranteeing an affordable, dependable, reliable, and effective prescription drug program for our seniors in this country, and for others in desperate need.

There is a critical failure to make that commitment in the underlying budget proposal. As has been debated on the floor of the Senate on a number of different occasions, the issue of prescription drugs is a life and death issue.

This budget is about priorities. We are talking about life and death issues. For senior citizens, prescription drugs are as important as going to the hospital today. They are as important as the physician's care.

If you can, imagine what would happen in this country if the Senate of the United States decided to take away all guarantees of hospitalization under Medicare. The country would be in an uproar. If we decided to take all guarantees of the physician's care away, the country would not tolerate it. Yet for our senior citizens, make no mistake about it, prescription drugs are life and death to them.

I listened to my good friend—she is my good friend—from Texas talking about investing in the NIH and producing these new miracle drugs. That will be meaningless unless we are going to set up a system to get the magnificent new drugs out to the people who need them. That is what this amendment is all about.

What we see before the Senate—in terms of choice and in terms of priority—is a Republican budget that effectively provides for a \$1.6 trillion tax cut for the wealthiest individuals, and only \$153 billion for the Medicare program.

For the over 1 million individuals who are making more than \$1 million, they will get \$729 billion. Those seniors who are on Medicare and need prescription drugs get \$153 billion. These tax breaks are for the millionaires who benefited very well over the last several years. We are going to give them \$729 billion and \$153 billion for the 39 million senior citizens and others who depend on Medicare.

Who are these senior citizens who depend on Medicare? The average senior citizen who depends on prescription drugs and Medicare is 73 years old, a widow, about \$14,000 in income, with multiple ailments.

Do we understand that? A senior citizen making about \$14,000 gets one-fifth in this budget what we are going to give the wealthiest 1 percent. This is the question of priorities.

This chart shows very clearly that about 80 percent of all seniors have incomes under \$25,000. Those are the people about whom we are talking.

This issue is about priorities. Are we going to give tax breaks to the wealthiest individuals or are we going to say—as a matter of national priority—our senior citizens are a priority? They are in desperate need for a prescription drug program.

With all due respect to the proponents of the administration's budget, in the proposal that is before us, just look at what they say in justifying their position on prescription drugs: "If the Committee on Finance of the Senate reports"—if. Do you think the word "if" is in there for the tax cut? This is what the words for the tax cut are: "the amount by which the aggregate levels of Federal revenues should be reduced." It is mandated here. It is mandated for the tax cut but not with regard to prescription drugs.

It says: "If the Committee on Finance of the Senate reports a bill . . . which improves the solvency of the Medicare programs"—what does that mean, "improves the solvency of the Medicare programs"? That is "wordspeak" for if they are going to cut out benefits, because here it says: "without the use of new subsidies from the general fund." Those words "which improves the solvency" mean if we report out of the Finance Committee—if they are going to report a bill—it is going to improve the solvency of the Medicare program by cutting out other benefits, because it says here "without the use of new subsidies from the general fund."

Therefore, the only way you are going to get prescription drugs is if they decide to do it, and it is only going to happen if they make cuts in the Medicare program and if the bill "improves the access to prescription drugs."

Wouldn't you think they would at least put the words in there that would guarantee prescription drugs? No. It is "access to prescription drugs."

What in the world is happening? "Access to prescription drugs"—is that the President's old program, a "helping hand" for prescription drugs? Is it a welfare benefit program? What is it? All it says is "access to prescription drugs." It is no guarantee that there will be an effective prescription drug program that will be universal, that will be comprehensive, that will have basic and comprehensive coverage, and that will be affordable, like in the Baucus proposal. It also says: if there is ". . . access to prescription drugs for the Medicare beneficiaries, the chairman of the Budget Committee of the Senate may"—may—"revise the allocations, but not to exceed the . . . \$153 billion."

We know what is going on here. The Budget Committee on the one hand mandates tax cuts for the wealthiest individuals. There is no contingency in this budget proposal with regard to taxes. There are no ifs, ands, or buts; there is a mandate for the Finance Committee on taxes, but not for prescription drugs. You would think if they were going to put this completely inadequate amount of money into the budget for prescription drugs, they would actually say: "When the Committee on Finance does report a prescription drug program." But, oh, no.

So make no mistake about it, this is phony. It is made up. No senior citizen



in this country can take any—any—satisfaction whatsoever from what has been included in the budget proposal.

The proposal that is before the Senate at this time by the Senators from Montana and Florida remedies that. It puts us on record to say that this is a national priority, this is a reflection of our budget priorities, this is a reflection of our values. We are going to insist that we have an opportunity to express it in this budget, and we shall.

Now I think for those who are watching this debate, there are four major criteria by which we should evaluate the budget plan:

Is it a fiscally responsible and balanced program? As has been pointed out by the Senator from North Dakota and others, it does not meet that test.

Does it protect Social Security and Medicare for future generation retirees? It flunks that test.

Does it adequately address the urgent needs, such as the prescription drug program and the real enhancement which is necessary if we are going to make education a priority in this country? We will have an amendment that will be offered by our colleague and friend, the Senator from Iowa, Mr. HARKIN, on that issue.

And does it distribute the benefits of the surplus fairly amongst all Americans? It fails that test.

If the American people care about prescription drugs, this amendment is the way to go. It is well thought out. It is responsive to the challenge. It is absolutely essential to meet the health care needs of our senior citizens, at a time when their prescription drug coverage is dropping right through the bottom.

A third of our seniors have no coverage. A third of our seniors have no coverage. Another third have employer-sponsored retiree coverage, but it is in rapid decline. We have seen how that has fallen off 40 percent in the last few years.

The PRESIDING OFFICER. The Senator has 2 minutes remaining.

Mr. KENNEDY. Then we have seen what has happened in Medicare HMOs. Last year, 325,000 Medicare beneficiaries were dropped from their Medicare HMOs. This year it is 934,000—three times as many in 2001 as were dropped in 2000. People have to be asking: Business as usual? I hear from the other side: Business as usual. Business as usual.

We are challenging that theory with this amendment. We believe this is a reflection of the true values of the American people and the true priorities of American families. I hope the amendment will be adopted.

I thank the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Tennessee.

Mr. FRIST. I thank the Chair and ask that the Chair notify me when I have 2 minutes remaining.

The PRESIDING OFFICER. Yes. The Senator has the 12 minutes of his time

plus the 4 minutes yielded to him earlier. The Chair will notify the Senator when there are 2 minutes remaining.

Mr. FRIST. Thank you, Mr. President.

I rise to continue our dialog and debate this morning on Medicare, how we improve Medicare, how to strengthen Medicare for our seniors, as well as for our individuals with disabilities.

We are in the middle of the budget debate which sets the framework for our policies over the coming days and weeks and months of this year.

I am a little more optimistic than the Members I heard this morning because I think we have a unique opportunity, an opportunity that is reflected in the budget put forth by both President Bush and Senator DOMENICI, as reflected in the budget resolution that is before this body—a body that aims at what I think is most important when we look to our seniors or our individuals with disabilities because what they really want is health care security; that if they need care at a certain time, it will be available for them and include the hospital bed, the surgeon's knife, the operation, the outpatient unit, the doctor's visit, and prescription drugs. That is where the opportunity comes in. So I would like to speak to that shortly.

We are talking about the budget today, so let me begin with what the President's budget is, what is reflected in the budget resolution before us, and what are the numbers.

If we look at Medicare, and we look at fiscal year 2002, the Medicare outlays would be \$229 billion. It is a large number, but until you start looking at other numbers, how large is it? And what happens to it?

In that first year, it is \$229 billion. Our budget, the budget we are talking about on the floor, goes out, year by year, to year 5 and year 10. In year 10, that \$229 billion in the budget resolution put forth by Senator DOMENICI is up to \$459 billion. That is in the budget. That is about an 111-percent increase, if you compare the first year on out to 11 years. And that is the resolution. If you look at year 5, just to give you the overall numbers, there is a year-5 number of \$291 billion, which represents a 42-percent increase, an increase of about \$92 billion. Thus, we are talking about marked increases in the Medicare budget as we go forward.

In addition to that, there is \$153 billion in addition to that—the increases I just talked about—which is placed on top of it, to be directed to modernization, to strengthening Medicare, to give our seniors more security by including prescription drugs. And I hope, as we modernize Medicare, and as we strengthen Medicare, we do other things—in fact, I would say we absolutely have to do that if we want to have a program that is going to be sustained over time—such as more preventive care, more chronic care, better care for heart disease, for lung disease, and for cancers.

That is where it comes back to the great opportunity we find before us that is laid out in the policy behind this budget; that is, that we have the opportunity to strengthen Medicare, to improve Medicare, to modernize Medicare, to bring it up to the sort of standards today that we see so broadly distributed in the private sector.

I should add, what Senators and Members of the Congress get, what the President of the United States gets, what Federal employees get—our seniors deserve it, and individuals with disabilities deserve it.

When I say strengthen Medicare, which this budget allows us to do, I am talking about improving it, making it stronger, injecting energy into the program to make it more responsive to the individual needs of seniors or individuals with disabilities.

When I say improve Medicare, which this budget allows, and the policy behind it almost assures, I am talking about adding a benefit, such as prescription drugs, which will be universally available, adding more elements of preventive care and chronic care, disease management, the sort of disease management that is routine in the non-Medicare world but which cannot, because of this rigid stratification and micromanagement, be included in Medicare today.

I am talking about strengthening, improving, and modernizing Medicare. One has to be careful when saying “modernize Medicare.” People ask, What does that mean? Does it mean laying off people? It is just the opposite: to have more value from Medicare. We need to bring it up to speed, to make sure our seniors get the same options, opportunities, and choices that we have as Federal employees. That is the opportunity we have.

The problem we must address as we increase this budget from \$229 billion this year under the Bush proposal, the Domenici proposal, to \$309 billion in year 6, to \$459 billion in year 11 in this budget, is Medicare today is based on a 1965 health delivery system. Think of the cars you were driving in 1965. Some of them are pretty nice on the road today if they have been buffed, polished, and kept tuned. There are not many people who would want to be driving today the same car they drove in 1965. We must continue to invest in Medicare because of outdated benefits.

We have to add \$153 billion, which we have done in the underlying bill because right now we do not have prescription drugs. As a physician who has prescribed and written tens of thousands of prescriptions, I know the value of those prescription drugs. They absolutely have to be a part of the toolbox, the tools, the armamentarium that physicians and nurses, recipients, beneficiaries, individuals with disabilities, and seniors can use to maximize quality care, and that is health care security.

There are no outpatient prescription drugs as a part of Medicare today, and

that is the challenge this body has, especially as we develop policy, and that will come, in part, in this budget debate, but really after the budget debate by the Finance Committee and elsewhere.

Limited access to new technologies: Most people know it takes not just weeks and months but years and sometimes an act of Congress to get new technology considered in Medicare today. Our seniors deserve better.

Little preventative care today in Medicare: A lot of our seniors, as I travel around the country at hometown meetings say: I like my Medicare, and it is good. Medicare has been a hugely successful program over the last 35 years, and I, as a physician, have seen it day in and day out, and it has been hugely successful.

What a lot of people do not realize—and it was clearly apparent in the hearings we had in the Subcommittee on Public Health of the Finance Committee—is that the benefits that are in the private sector have continued to improve, where the benefits in Medicare have been stagnant; they have not changed or changed slowly. That is why it is outdated. We absolutely must strengthen, improve, and modernize it.

Right now Medicare only covers 53 percent of a senior's health costs. Ask a senior: Of health care costs over the next 10 years, how much will be covered by Medicare? Many think 80 percent or 85 percent but in truth it is 53 percent.

Micromanagement: Again, that is a product of us being well intended, passing laws year after year, and giving it to an organization called the Health Care Financing Administration which has layered regulation on regulation to the point the regulations, rules, and explanations that cover that simple doctor-patient relationship amount to 135,000 pages of regulations. The Internal Revenue Service has about 40,000 pages of regulations.

Those regulations governing the relationship between the doctor and patient are not 45,000, 50,000, 60,000, 80,000; it is 135,000 pages of micromanaging regulations. We have to simplify it. We have to streamline and modernize so we can meet the individual needs of our seniors.

In this whole idea of micromanagement, improving Medicare, there are 10,000 different prices coded for everything you do in that doctor-patient relationship. As you talk to a patient, you treat them, diagnose them, send off their tests, and there are 10,000 different prices. Even on top of that, they are different in 3,000 different communities.

The inefficiencies, the lack of value in Medicare today, have to be improved as we go forward.

I listed the baby boomers. There is going to be a huge increase in the number of seniors. We have to prepare for the future.

We just had the Medicare report from the Medicare trustees. It is strange.

One reads the newspapers and sees this optimism about Medicare; that it is on sound footing right now. Medicare, one could argue, is on sound footing, I guess, although I will show it certainly is not as sound as we think. The rate at which we are depleting the HI trust fund—I will show my colleagues shortly—is depleted rapidly as we go forward.

This is the budget, so I am going to talk a little bit about the numbers as we go forward, again, to show the back-ground.

There are two trust funds, Part A and Part B, in Medicare. We need to look at health care security—Part A is hospitals and Part B is physicians and prescription drugs, which we as a body will add and hopefully integrate into Medicare—we need to look at it as a whole.

As a physician, when I am treating a patient with a particular problem and I diagnose that problem, I do not start thinking of all these different programs. I like to integrate that: Should that patient go in the hospital? Should we treat that patient as an outpatient? Should we try a newly effective drug? Should we use a generic drug? One needs to think in an integrated fashion.

If we look at just the Part A trust fund and Part B—roughly the Part A trust fund is about half; Part B is the other half—the Part A trust fund is what we talk about when we talk about solvency.

On this chart, if we look at just the HI trust fund, Part A, hospitals, green is what we actually spend and red is income. The important point is, in 15 years, in the hospital trust fund, we will be spending more than we will be taking in. We are deficit spending.

A lot of people say: We do not have to worry about Medicare modernization now: why worry? That is 15 years from now; we will have new technology; costs will come down; we will have prescription drugs. What they do not think about is although the Part A trust fund does not begin deficit spending until 2016, look how quickly the blue line diminishes over time to 2029.

When we look at the Medicare program as a whole, today we are deficit spending. Right now Medicare as a whole—Part A and Part B—is spending more than it is taking in. I just showed the HI trust fund for hospitals, which is about half the overall program; in 2002, indeed, there is a surplus. So people feel pretty good: Let's not worry about modernizing Medicare.

Part B, which people around here for some reason do not pay much attention to but is a significant part, we have a draw on the General Treasury. We are basically taking money out of the General Treasury and putting it into Medicare to the tune in 2002 of \$93 billion. Therefore, if one looks at the entire Medicare program A and B together, we are deficit spending to the tune of \$58 billion this year, and from 2002 to 2011 it will be \$980 billion of deficit spending.

I go through this explanation to set the backdrop because we have a huge challenge as we go forward. We have to, I believe, inextricably link new benefits, such as prescription drugs, which absolutely have to be a part of Medicare—to A and B, hospitalization and physician care—and make it an integral part. There are lots of reasons. One I just showed: We are deficit spending now. If we add on top of that further deficit spending, or put a program which could potentially just explode, all of a sudden our seniors lose their health care security. All of a sudden a program which is in deficit spending now has a potential for increasing deficit spending. We have to do it the right way.

Adding a new benefit such as prescription drugs has to be part of modernization and improving a program, an integral part of the program. We will hear a call for including prescription drugs. The challenge before this body is how, given these numbers, this degree of deficit spending, we put in a new benefit that, I argue, has the most powerful internal drive to explode, to be out of control—larger than any social program we have seen in this body.

That is a pretty big statement, but that is how strong this internal demand is for prescription drugs.

Think about a mother who is dying. You want the very best drug available to reverse that course. You will demand it. You will try to pay for it in any way possible. You will ask the Government for it, the taxpayer for it; you will take it out of your pocket. That is the money we are seeing with prescription drugs because they are revolutionary today. Isn't it great they are, the fact you can have crippling arthritis and for the first time you can get up and get around.

Look at what we are getting ready to add on Medicare, rightfully so, but we have to do it the right way. This chart illustrates prescription drug expenditures in the United States of America from 1965 to 1999. You see the huge growth in total prescription drug expenditures. For seniors alone, it is probably about a third of that. If we project to the future, what we are getting ready to add to Medicare—again, appropriately so—this is what we just saw, in red, and this chart shows, in 2001, 2003, 2005, and 2007, explosive growth. We need to come back and do it right. We have to integrate prescription drugs in overall modernization.

I strongly support the proposal put forth by Senator DOMENICI and President Bush. It increases Medicare spending to \$459 billion over the next 10 years and increases it by \$153 billion for prescription drugs.

The PRESIDING OFFICER. The Chair recognizes the Senator from Michigan.

Ms. STABENOW. Mr. President, I rise today as a proud cosponsor of this very important amendment to the budget resolution. I thank the Senator from Montana for his leadership on

this issue and on the Finance Committee, as well as the Senator from Florida and my leader on the Budget Committee, the Senator from North Dakota. I very much appreciate his ongoing leadership on this important issue.

As a personal aside before speaking about this amendment, I come from the great State of Michigan with Michigan State University. If I might say to the Senator from North Dakota, we are looking forward to betting you in hockey on Thursday evening.

Now to the serious issue before the Senate. This is an issue of priorities for the American people as we look at the next 10 years. We all agree it is difficult to look into the crystal ball 10 years from now. We are being asked to do that, and many Members are cautious and concerned about locking in the next 10 years on revenues since it is not possible to be accurate. We know that. Chairman Greenspan called it educated guesses.

We do know when we are debating this list of priorities that the President has laid out a plan that says if you were to put Medicare and Social Security surpluses aside—and he does choose to spend part of those, which we will debate later—if you put that aside, the President has said the only priority for the American people for 10 years is a tax cut geared to the wealthiest Americans that we hope will trickle down to everyone else.

Now, in Michigan, the people I represent want a tax cut as one of the priorities for the future. I support an across-the-board tax cut that gives as much as possible to middle-income families working hard every day, sending kids to college, to help moms and dads and seniors with their prescriptions, and put money in their pockets, and family farmers and small businesses, as one of the priorities of the country. I support that. I don't think it is the only priority for the next 10 years.

What we are talking about today in this amendment is another very important priority; that is, updating Medicare to cover the costs of prescription drugs to assure our seniors, who have been promised that Medicare would be there, that health care would be there when they retire, that those who were disabled and were promised Medicare would be there, that in fact, it really is.

We all know that the only way to guarantee Medicare is to cover prescription drugs. That is what this amendment does. It makes it real. It says when you look at this budget and you look at the real costs over 10 years of about \$2.5 trillion that is put aside for one priority, a tax cut, we are asking for a very small amount, just a little amount, to come from that \$2.5 trillion over into prescription drug coverage for seniors to modernize Medicare—\$158 billion. I believe that is a very small change with a very big impact for our seniors and our families.

I am concerned for most of our seniors. Most of the seniors in Michigan, most of the seniors in America, will not receive any of the tax cut being proposed. But if we want to put money back in their pockets, we have a chance to do that through this amendment by lowering the costs of their medicine. We all know it is the right thing to do. I bet there is not a person in this esteemed body who did not talk about the importance of prescription drugs and how seniors shouldn't have to choose between their medicine and their meals when they were out campaigning.

Now is the time when the rubber meets the road, the time when we have a chance to vote what we have talked about and the real priorities of the country. I can't explain, when a senior citizen comes to me and says he has been told by his doctor there is a pill he can take that will stop him from having open-heart surgery, why the pill costs \$400—one pill a month, \$400. Medicare will pay for the operation. It won't pay for the pill. He asks me how that makes any sense. I have to say it doesn't make any sense.

Now is the time to correct that. Today, right now, as we are on the floor, there are seniors sitting down at the kitchen table deciding: Do I eat today or do I take my medicine? Do I pay my utility bill or do I take my medicine? Do I cut my pills in half? Do I take them every other day?

I have doctors coming to me expressing grave concerns about seniors who put themselves in serious health jeopardy by trying to self-regulate their medication—every other week, every other day, doing something they shouldn't make the pills last longer. We all know the stories. This amendment says we are serious about fixing it.

This is not an issue we have made up. I heard our esteemed budget chairman say that every time we talk about tax cuts, we Democrats make up an issue and it just pops up because we want to spend money. I know the issue of prescription drug coverage is not made up. Everybody in my State, young or old, knows the need to cover prescription drugs and make them available for our seniors is not made up. It is very serious and it is very real. It is very unfair, as we found in a statewide study throughout my State. There we looked at the costs that uninsured seniors pay when they walk into the pharmacy versus somebody with insurance. We found on average they pay twice as much. That is not fair.

If you have insurance and they can negotiate a good discount, you get a better deal. Medicare needs to be there to give our seniors a better deal. That is what this is about: updating Medicare to cover the way health care is provided today, having Medicare out there getting our seniors a better deal so they can live in dignity and respect and have the promise kept that was made in 1965 when Medicare was enacted.

This is an important amendment. I commend my colleagues, again, for their leadership in this area. With just a small change, we can begin to get some balance back in this debate about the budget. We have a number of important priorities facing our country. I believe a tax cut is one of those, as is paying down the debt to keep money in people's pockets, with lower interest rates, as are jobs. I also believe lowering the cost of prescription drugs is a critical part of this pie.

I ask my colleagues, if not now, when? We are not going to do it if we are running deficits. We are not going to be able to do it if we move into a serious recession. If we cannot update Medicare now and keep the promise to our seniors and the disabled when we have surpluses, we never will. We should admit it and stop talking about it, stop using it as a campaign issue.

This is the opportunity for us to do what everybody is talking about: provide a substantial Medicare prescription drug benefit and make sure that, in fact, it does something real for our seniors to allow them to live in dignity and have the quality of life they deserve.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I commend the Senator from Michigan who is a valued member of the Senate Budget Committee. She is new to this body, but she is certainly not new to the issues because she served with distinction in the House of Representatives and was a leader on many of these issues in the House of Representatives. She brought that knowledge and that commitment to the issues to the Senate.

There has been, really, no new member of the Budget Committee who has been any more responsive in terms of commitment to the work of the Budget Committee than the Senator from Michigan. She cares deeply about getting our fiscal house in order and keeping it there. She cares deeply about the right priorities for the country, including improving education and providing a prescription drug benefit. She has made a very valuable contribution to the work of the committee.

I think she was disappointed, as I was, that we did not have a markup in the Budget Committee. We did not even attempt to mark up a budget for our colleagues, which is unprecedented. But I want to say she has made a valuable contribution during the deliberations of the committee and the set of hearings we had and in producing the Democratic alternative. I thank her very much for those contributions.

Senator DORGAN from North Dakota is in the queue for time to speak, and I yield him 10 minutes off the resolution.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I am here to talk about this amendment,

but I say to my colleague, Senator CONRAD, I also am interested in coming over at some point soon and spending a little time talking about this budget resolution and especially the issue of the increase in public debt. I want to go through with the chairman of the Budget Committee, the issue of the increase in public debt over a 10-year period, which seems to me incompatible with this notion that we have such large surpluses that we can provide a 10-year tax cut costing trillions of dollars. If that is the case, why is the public debt increasing in this very budget resolution? I will do that at a later time, but I am here now to talk about the issue of prescription drugs.

We know there are a large number of citizens, especially senior citizens, in this country who cannot afford the prescription medicines they must take, the prescription medicines prescribed by their doctors necessary to continue a healthy lifestyle. All of us have an opportunity day to day and week to week, as we are in our respective States, to talk to older Americans who are taking increasing amounts of prescription drugs and paying more for them.

Senior citizens represent 12 percent of our country's population. Yet they consume one-third of this country's prescription drugs. Why is that the case? In one century, we have increased the life expectancy in our country by nearly 30 years—from 48 to nearly 78. I know some wring their hands and gnash their teeth and mop their brow because of all the problems we have with Medicare and also with Social Security. All of those problems are born of success: people are living longer and have better lives. Let us not gnash our teeth too much about the success of having people living much longer in this country. We can and should address the financing issues in Social Security and Medicare, and we can do that without, in my judgment, great difficulty.

One of the issues with people living longer, and one of the issues with the substantial amount of new medicines available to prolong life in this country is, how do we pay the bill? Especially if you are consuming prescription drugs whose cost is increasing substantially at a time when you have reached that retirement age, the time in life when your income is decreasing a great deal, how do you address that?

The proposal by members of my caucus in the Senate, the Democrats, as well as a proposal now by the Bush administration, is to provide a prescription drug benefit for senior citizens. We proposed to put it in the Medicare program. The prescription drug proposal, as a part of this budget, needs to be sufficient so the prescription drug benefit will work for senior citizens.

We all know the cost of prescription drugs is going up dramatically, 15 to 16 percent a year in increased costs for prescription drugs. Part of that is increased utilization and part is price in-

flation. But we all understand the consequences of these increased prices to senior citizens.

I have told my colleagues of a woman who came to me one evening at a meeting I had in the northern part of North Dakota. She was perhaps 75 years old. At the end of the meeting, she approached me and said: Senator DORGAN, I am retired. I am getting up in age. I have to take several medicines to treat diabetes and heart trouble. But I don't have any money. I am left without any assets or income of any sort and I can't afford to take these medicines. Yet my doctor says I really must take these medicines.

As she began to talk to me, her chin began to quiver and her eyes welled with tears and it was clear she was on the edge of crying because she knew what she had to do. She needed to take this medicine to prolong her life and treat her illnesses and she didn't have the money to do so. This goes on across this country all the time.

I was at a hearing in Dickerson, ND, one day and a doctor said he had a senior citizen as a patient who had breast cancer. After the patient had surgery, the doctor prescribed a medicine and said this medicine is something you must take because it will reduce your chances of recurrence of cancer. The woman looked at the doctor and said: Doctor, there isn't any way I can take that medicine. I can't possibly afford that medicine. I will just have to take my chances with breast cancer.

I was at a hearing in New York with my colleague, Senator SCHUMER, when one of the witnesses talked about going to the grocery store but always going to the back of the store first where the pharmacy was because first she had to buy her prescription drugs. Only then would she know how much money she would have left to purchase food. I have heard that a dozen times, if I have heard it once.

Should we do something about this? The answer is clearly yes.

The Senate budget resolution provides a certain amount of money for a prescription drug benefit. But let me quote the Congressional Budget Office Director, Dan Crippen, who said in testimony before the Senate Finance Committee:

If you are going to provide \$150 billion over the entire Medicare population—again for 10 years—it won't provide a great deal for any one person.

The money provided in the Republican budget resolution does not even cover the cost of the President's own Healthy Hand prescription drug proposal. About 25 million of the nearly 40 million Medicare beneficiaries would be ineligible for the President's plan.

If the amount proposed by the President in his budget were used to provide a universal drug benefit in Medicare—which is really what we ought to do—it would provide about \$200 coverage for a beneficiary for the first year.

This debate is about choices. The budget debate is always about choices.

The most significant choice is the front end of this debate, and according to the President, is the tax cut.

I believe we are going to enact a tax cut. I will support a tax cut. But I don't believe we ought to have a tax cut to the tune of trillions of dollars—and, yes—that is more than \$1.6 trillion as proposed by the President. Everyone scores it at well over \$2 trillion.

To do that when we don't know what the future will bring with respect to this economy, to do that at a time when we have the public debt increasing and not decreasing, and to do that when we don't have sufficient resources to improve our schools, or, yes, in this circumstance on this amendment, to provide enough resources so that we have a prescription drug benefit under the Medicare plan, in my judgment, shortchanges all Americans.

It means we will have an increasing Federal debt—not decreasing. It means we are short of doing what we ought to do to make this a better country—improving our schools, providing for the family farmers during tough times, and in this amendment providing for a prescription drug benefit for Medicare.

My colleagues have offered the amendment today in the hope that we could reach agreement in this Senate. At least between the two political parties, doing this makes sense. Adding a prescription drug benefit to the Medicare program makes sense.

I think everyone agrees that if the prescription drugs had been available when Medicare was created that are available now, clearly we would have had a prescription drug benefit in the program.

Said differently, if we had no Medicare program but we were going to create one in the year 2001, just as clearly it would include a prescription drug benefit, because we are moving away from acute care hospital stays, we are moving towards outpatient procedures in medical facilities, and especially we are moving towards prescription drugs that allow people to live without having acute-care health. That is much less expensive in many ways.

These new medicines that are available are breathtaking, lifesaving medicines. They are good for researchers on the public payroll—at NIH and elsewhere—those in private prescription drug companies, and others. It is good for them. We are developing wonder drugs that allow people to do things they wouldn't have before thought possible.

But it is very expensive. We ought to find a way to say to those who have reached their declining income years in life: We want to help you be able to afford the prescription drugs you need to continue to live your life.

This isn't some luxury. This isn't some optional expenditure. The prescription drugs are necessary for senior citizens who are in many cases required to take 2, 5, 10 or even 12 different kinds of prescription drugs a day. It is very expensive to do so.

We must pass this amendment to make room in this budget for a prescription drug benefit in the Medicare program. That is why I support this amendment.

Let describe a couple of other different priorities, if I might.

Mr. President, 100 years from now everyone in this Chamber will be dead. It is an ominous thought, but it is true. The only historical reference about who we were and what we did here will be to look at this budget and see what we did that was considered valuable: What were our priorities? What did we think was important for this country?

This budget represents the framework by which future generations can judge us. Every time in this country we have tried to do something new, there have been those who have said no. They opposed everything for the first time. It didn't matter what it was—Social Security, Medicare, minimum wage—you name it; they opposed it.

This budget resolution establishes our priorities.

Let me describe a few priorities.

First, a tax cut. Yes, let's so do that, and let's make it fair. Is it fair that the top 1 percent of the taxpayers pay about 21 percent of all income taxes and payroll taxes but would get 43 percent of the tax cut? Absolutely not. Let's do a tax cut. Let's make it fair.

Second, let's pay down the Federal debt. I want to ask the chairman of the committee and others why the public debt is increasing on page 6 of this budget resolution over 10 years.

Third, what about other priorities? I mentioned schools. Does anybody think our future doesn't depend on improving our schools? Of course it does. Should we and could we improve our schools? Of course. But we must have the resources to do that as well.

In addition to improving our schools, we know we need to pass an amendment such as this to provide a prescription drug benefit in the Medicare program.

We need to have room in this budget resolution to help family farmers given these price valuations. If this country believes that we are a better country because of families living on and operating America's farms all across this country, then when family farmers face collapsing commodity prices, they have a right to expect that we will help them during tough times.

There are so many other priorities to which we must pay some attention, such as the issue of agricultural research. I come from a State with a significant livestock industry. And we face the scourge of foot and mouth disease—some call it hoof and mouth disease—and the prospect of mad cow disease, the prospect of a disease that could devastate our livestock industry. This ought to persuade all of us to address more quickly this issue of increases in basic research in agricultural areas and research in dealing with a safe food supply.

All of these areas require our attention.

Let me say again that if we are going to have a tax cut in this year, we will. I hope, agree between Republicans and Democrats to a thoughtful and fair tax cut that says to the American people: Yes, this is your money. Yes, we want to give it back, and we want to do that in a fair way.

But I think the American people want us to invest in the future of this country as well, even as we provide tax cuts for the benefit of our children and pay down the Federal debt. If you run up a Federal debt during tough times, it seems to me that during better economic times you ought to be able to pay it down. This country has not had a period that has been any better in general for the American economy than the last 7 or 8 years. We ought not end this period with substantial increases in Federal indebtedness.

We have a lot of priorities. My hope is when we look back at the work of this Budget Committee and decisions by this Congress, we will have said: Yes, this Congress reflected the right priorities for this country; yes, we made the right investments; yes, we voted for a tax cut that was a fair tax cut; and, yes, we decided to commit ourselves not just to talk about paying down the Federal debt but to really paying down the Federal debt even as we have experienced the surpluses that come from better economic times.

I believe the hour of 12:30 has arisen. I yield my time.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I be permitted to speak for 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I do not come to the floor to try to answer all the various arguments made. I would just like to say to the American taxpayers: It ought to be interesting to you, Mr. and Mrs. America who are paying taxes, because, in fact, what is happening here is, instead of the opportunity to give the taxpayers back some of this \$5.6 trillion surplus—a number we cannot hardly understand—instead of putting that right up at the top of the priority list, we are speaking about priorities. But isn't it interesting, every single priority is to spend more of the taxpayers' money. All the priorities that are being stated here are spending a part of this surplus to spend on something for Americans.

The whole difference is that we suggest you put the taxpayer at the top of that list, not at the bottom of the list—at the top of the list—and that instead of using their money for new programs and add-ons, whatever it is, that we ought to consider them first. Included in that is the President's tax plan which is good for the economy.

I yield the floor.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I ask unanimous consent for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. Mr. President, I say to my colleague, who not only do I respect but for whom I have genuine affection, when he says this is just a question of spending versus tax cut, he knows better. Those are not the choices. They really are not. The choices are tax cuts, spending, and addressing debt.

The real difference between our two plans—the biggest difference—is they have twice as much for tax cuts and we have twice as much for debt reduction. That is the real difference. Yes, we also have some additional spending for prescription drugs, education, agriculture, and a prescription drug benefit because we think those are the priorities of the American people.

But let there be no doubt, the fundamental difference between us is we are for more debt reduction; they are for more of a tax cut. That is where it lies.

I yield the floor.

# RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having arrived, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:32 p.m., the Senate recessed until 2:15 p.m., and reassembled when called to order by the Presiding Officer (Mr. INHOFE).

The PRESIDING OFFICER. The Senator from Maryland.

## CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEARS 2001–2011—Continued

Ms. MIKULSKI. Mr. President, I yield myself 10 minutes off the resolution.

The PRESIDING OFFICER. The Senator is recognized.

AMENDMENT NO. 172

Ms. MIKULSKI. Mr. President, I rise in strong support of the Baucus-Graham amendment. This amendment reserves \$311 billion for a Medicare prescription drug benefit that will be reliable for seniors, affordable for the taxpayers, and will be undeniable when it comes to being able to buy a prescription drug. It will put us on a road to a benefit that meets patient needs, can be sustained by our U.S. Government, and yet is affordable with seniors.

Honor your father and mother is not only a good commandment by which to live, but it is a very good policy by which to govern. We believe we ought to put it in the Federal law books. We should honor our fathers and our mothers by adopting the Baucus-Graham amendment to create a prescription drug benefit that does mean something for America's seniors.

Regrettably, the Bush plan is rather spartan and skimpy. It includes only \$153 billion for a prescription drug benefit. That seems to be a lot of money,